

copies of their testimony to the Committee on Energy and Natural Resources, U.S. Senate, 364 Dirksen Senate Office Building, Washington, DC 20510-6150.

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ADDITIONAL STATEMENTS

CHINESE MISSILE TESTS

• Mr. PRESSLER. Mr. President, between July 21 and July 26 China conducted a series of ballistic missile test firings 85 miles from Taiwan. The missiles were all MTCR class four short range and two intermediate range. All were modern, mobile, nuclear-capable. No country has ever held this level of field tests for nuclear capable missiles before.

The result was predictable—the stock market and the local currency in Taiwan fell precipitously.

Mr. President, yesterday China announced that a new round of ballistic missile tests are due to begin next week. Again the test range is very near Taiwan. And again, the same result—the stock market in Taiwan plunged this morning to a 20-month low and the local currency dropped to the lowest level in 4 years.

Mr. President, the United States is faced with three choices: First, we can do nothing. However, I believe that it is not in the national security interest of the United States to allow Asia to be dominated by a nondemocratic power.

Second, at the other extreme, we could interpose the United States Pacific Fleet between the Chinese coast and the Asian democracies. President Truman did so in 1950 but I believe that should be considered only as a last resort.

Finally, we can take what I believe is the wisest course. That is, the United States can provide the requisite material and political support so that the Asian democracies can resist aggression.

Mr. President, when we return there will be a number of legislative opportunities to address this issue. I believe we should do so, hopefully with the administration's cooperation, but if necessary, without it.

Mr. President, I ask that a number of wire service stories on this issue be printed in the RECORD at the conclusion of my remarks.

FEARS WIDESPREAD IN TAIWAN AS CHINA RENEWES TESTS (By Joyce Liu)

TAIPEI, August 11.—Taiwan's financial markets plunged and the dollar tumbled to a four-year low on Friday amid fears roused by a second series of missile tests China is planning near the island.

Taiwanese officials tried to allay widespread concern over the tests, with Huang Yao-yu, director-general of Taiwan's ruling Nationalist Party's department of mainland operations, saying they were not a direct military threat but were politically motivated.

They saw the tests as an attempt to create instability before presidential elections next March.

"There should not be any situation which is out of control. It has not yet reached the level of real military actions," Huang said on state-funded television. "It (China) hopes our elections can meet its expectations."

China announced on Thursday it would hold the second round of guided-missile tests in less than a month in the East China Sea between August 15 and 25, just north of Taiwan.

Financial markets reacted sharply to the tests. On Friday, the stock market plunged 4.57 percent to 4,551.89, a 20-month low, and the Taiwan dollar tumbled to the lowest level since 1991 against the U.S. dollar at midday.

Taiwan has said it would hold a military exercise, described as a routine military inspection, in southern Taiwan before the island's National Day on October 10.

"Communist China holds exercises and Taiwan also wants to hold exercises. What is the government doing and what should we stock investors do?" said an angry middle-aged housewife at a Taipei brokerage.

As well as creating instability in Taiwan, China's motive is also seen by political analysts as cutting support for Taiwan President Lee Teng-hui, who is widely expected to run in the first presidential elections.

Analysts said that if China could not intimidate Taiwan, it might continue to increase tensions in the Taiwan Straits before the island's December parliamentary elections and the March presidential elections.

"It seems communist China wants to cross the middle line and start to use force to incite Taiwan," said Hu Fo, political science professor at National Taiwan University.

China has considered Taiwan a rebel province since the Nationalists lost the civil war in 1949. Both say they want eventual reunification but on very different terms.

"It will be very dangerous if communist China thinks it can no longer solve the reunification issue with a peaceful method. Taiwan should handle the issue very carefully now," Hu said.

President Lee's landmark visit to the United States in June, although private, infuriated Beijing which interprets Lee's moves to promote the island's international image as advocating independence.

Relations soured after Lee's U.S. trip and China's last missile tests, between July 21 and 26 in the sea north of Taiwan, triggered fear throughout Taiwan, forcing the stock market and the dollar down.

Taiwan cabinet's Mainland Affairs Council, which sets the island's China policy, has blasted China over Thursday's missile test announcement, saying the tests were unfriendly and irresponsible.

CHINA MILITARY EXERCISE (By Charlene L. Fu)

BEIJING.—China's decision to hold its second series of missile tests in a month will have little military value but is aimed at intimidating Taiwan, experts say.

The planned test firings of guided missiles and live artillery shells starting next week in the East China Sea north of Taiwan are the latest in a summer-long series of political and military tit-for-tats between China and the island it views as a renegade province.

Beijing has been wary of Taiwan President Lee Teng-hui's efforts to gain greater international recognition for the economic powerhouse and was alarmed when Washington allowed him to make a private visit.

China started a three-month military exercise on the coast opposite Taiwan soon after

Lee's June visit, then increased the pressure with ballistic missile tests in mid-July.

The announcement Thursday of the next planned tests, due to start Tuesday and last for 10 days, came after Taiwan scheduled army, navy and air force exercises in October.

This series of exercises is meant to intimidate Taiwan," said Eric Arnett, a military technology expert at the Stockholm International Peace Research Institute.

Though usually secretive about its military, Beijing reported the latest planned tests the same way it announced the previous ones: in a brief dispatch from the government news agency and on the national TV news.

"The Chinese People's Liberation Army will conduct exercises of guided missile and artillery live ammunition firing," the official Xinhua News Agency said.

Ships and airplanes were warned to stay out of the designated waters and airspace in the target area, 60 miles north of Taiwan.

Experts say China tests missiles every year at this time, but normally notification is given quietly through diplomatic channels.

They also noted that there is little military intelligence to be gained by repeated firings of missiles. Six surface-to-surface ballistic missiles were fired in the last test.

In addition, China's military normally tests missiles on land—where greater secrecy can be maintained than in international waters—so little need exists for the target area to be so near Taiwan, the experts said.

"The East China Sea is a big ocean. They don't have to put it 100 clicks (kilometers) off Taiwan," said Bob Karnio, Asia-Pacific editor for Jane's Defense Weekly.

China's military is believed to have played a greater role in policy-making toward Taiwan and the United States since the Foreign Ministry failed to prevent Lee's U.S. visit.

Reports in the Hong Kong media, citing unnamed sources, have said China's top leaders have decided to keep the pressure on Lee and on Taiwan.

Presidential elections are scheduled for next year, and China worries that Lee or opposition leaders will win, spurring calls for Taiwan to declare independence.

Lee has moved his Nationalist Party away from its Cold War-era claim to sovereignty over all of China. The Nationalists took refuge on Taiwan after losing a civil war to Communist forces in 1949.

Taiwan's stock and currency markets reeled today from the announcement of the new tests. The stock market's main index plunged 4.57 percent and the Taiwan dollar hit a four-year low of 27.36 to the U.S. dollars.

CHINA TO HOLD MORE MISSILE TESTS IN EAST CHINA SEA

(By Benjamin Kang Lim)

BEIJING, August 10.—China stepped up its intimidation of rival Taiwan on Thursday, announcing a second round of rare guided missile tests in less than a month in the East China Sea, just north of the Nationalist-ruled island.

The People's Liberation Army would hold the tests of guided missiles and firing of live artillery in and over a sea area off the coast of southeastern Zhejiang province from August 15 to 25, the Ministry of Communications said.

The southernmost perimeter of the tests is just 150 km (90 miles) north of Taiwan, which Beijing considers a renegade province ruled by rebel Nationalist forces.

The test zone off Zhejiang is a few miles north of the area where China's military test-fired six surface-to-surface missiles from July 21 to 26, setting off panic in Taiwan as the stock market plunged and the Taiwan dollar tumbled.

"For the sake of safety, ships and airplanes of other countries and regions are requested not to enter the said sea area and airspace during the period," the announcement said.

Diplomats said China's military was clearly eager to pursue last month's show of strength with another display of military might aimed at placing Lee Teng-hui, president of arch-rival Taiwan, on the defensive.

China has said repeatedly its three-million-strong military, the world's biggest, cannot give up the threat of force to recapture rival Taiwan if the island abandons its avowed goal of reunification and declares independence.

In Taiwan, the Defense Ministry played down the latest tests, saying it would not raise or change combat readiness.

Taiwan has said it would hold a military exercise before its October 10 National Day and the Defense Ministry has described the exercise as a routine military inspection.

Taipei's Lee enraged Beijing in June after he boosted his international image by edging open an effective U.S. ban on all visits, even unofficial, by senior Taiwan officials when he won Washington's permission to make a private trip.

Beijing has since fired a relentless series of verbal volleys at Lee, accusing him of advocating independence for Taiwan and effectively ruling out the Taiwan president as a partner for negotiations on reunification.

China's communist rulers have considered Taiwan a rebel province since the Nationalists lost the civil war in 1949. Both say they want reunification but on very different terms.

The previous missile tests, which did not include live artillery fire, marked the first time China had announced such exercises in advance.

Diplomats saw the move as a warning to Taiwan, a virtual diplomatic pariah, not to try to boost its international status through more private visits overseas.

Taiwan's stock market plunged 3.82 percent to a 20-month low on Wednesday on nervousness over current military exercises off Zhejiang.

The East Sea 5 exercises along Zhejiang's coast have for the first time included mountain and urban warfare training, with paratroopers engaged in house-to-house combat, along with the more regular amphibious landings and air support, one military analyst said.

"This really worries me. Two missile tests in such a short time," Hu Fo, political science professor at National Taiwan University, told Reuters.

"It seems communist China's policy on Taiwan is turning harder and harder and its trust in Taiwan is decreasing day by day since President Lee visited the United States," Hu said.

CHINA-MILITARY EXERCISE

(By Charlene L. Fu)

BELJING.—China on Thursday announced its second set of missile tests in a month—a move experts said was meant to intimidate Taiwan.

The planned test firings of guided missiles and live artillery shells in the East China Sea 60 miles north of Taiwan are the latest in a series of political and military tit-for-tats this summer between China and the island it views as a renegade province.

Beijing has been wary of Taiwan President Lee Teng-hui's efforts to garner greater international recognition for his country, an economic powerhouse, and was alarmed when Washington allowed him to visit the United States in June.

China started a three-month military exercise on the coast opposite Taiwan soon after

Lee's U.S. visit and then tried to ratchet up the pressure with ballistic missile tests in mid-July.

The announcement of the next planned tests, due to start Tuesday and last 10 days, came after Taiwan scheduled army, navy and air force exercises of October. The announcement was carried by the official news agency, Xinhua.

"This series of exercises is meant to intimidate Taiwan," said Eric Arnett, a military technology expert at the Stockholm International Peace Research Institute.

Experts say China tests missiles every year at this time, but normally notification is given quietly through diplomatic channels—not broadcast to the nation and beyond.

They also noted that little military intelligence was to be gained by repeated firings of missiles. Six surface-to-surface ballistic missiles were fired in the last test.

In addition, China's military normally tests missiles on land, where greater secrecy can be maintained.

"The East China Sea is a big ocean. They don't have to put it 100 clicks (100 kilometers or 62½ miles) off Taiwan," said Bob Karniol, Asia-Pacific editor for Jane's Defense Weekly.

The Nationalists took refuge on Taiwan after losing a civil war to Communist Party-led forces in 1949. Lee has moved his Nationalist Party away from its Cold War-era claim to sovereignty over all of China.

CHINA MISSILE TESTS SIGNAL MORE PRESSURE FOR TAIWAN

(By Jane Macartney)

BELJING, August 11.—If anyone thought China's first missile tests off Taiwan were a coincidence which happened to spark panic in Taipei, those doubts evaporated with the announcement of more exercises, diplomats said on Friday.

But that raises more questions, diplomats say. What does China hope to achieve? Why the new aggressiveness? Will the strategy backfire?

Or do the manoeuvres reflect internal jockeying for prestige between President and Communist Party chief Jiang Zemin and the military of which he is the titular head?

The official Communist Party mouthpiece the People's Daily carried a front-page map clearly marking a diamond-shaped test area just off a sliver of Chinese coast and above a large outline of rival Taiwan occupying most of the map.

"We knew they were holding exercises from May to September off the coast of Zhejiang, but now it is clear that these tests as threats are not just media hype but a political reality," a Senior Western diplomat said.

China announced on Thursday a second round of guided missile tests in less than a month in the East China Sea, 150 km (90 miles) north of Taiwan, but this time expanded them to include firing of live artillery from August 15 to 25.

"We thought that they would stop after the first tests," said another diplomat, referring to the July 21-26 exercises, which were 10 km (six miles) nearer Taiwan. "But clearly they are gearing up again to put more heat on Taiwan."

Diplomats said China's message through its unprecedented advance announcements of the tests was a warning to Taiwan—viewed by Beijing as a renegade province ruled by rebel Nationalist foes—not to try to raise its world status.

"The point is Taiwan must not forget that China can use the forceful option," the senior Western diplomat said.

China has said repeatedly its three-million-strong military, the world's biggest, cannot

give up the threat of force to recapture rival Taiwan if the island abandons its avowed goal of reunification and declares independence.

China, and its powerful military, were enraged in June when Taiwanese President Lee Teng-hui made a landmark private visit to the United States.

"Lee has achieved something they have been unable to do," the senior diplomat said. "Jiang Zemin and (Premier) Li Peng want to go to the U.S., so what we are seeing here is a serious loss of face and that is terribly important to the Chinese."

The new aggressiveness might stem from confusion among China's communist leaders over how to deal with a new generation of Taiwan leaders, diplomats said.

"They had a reliable relationship with the old-style Nationalists of diehard adversaries. They had a solid basis for misunderstanding based on a common goal of reunification. Things are not so clear now," the senior diplomat said.

He said he expected the use of military intimidation, which has caused Taipei's stock market to plunge and the Taiwan dollar to tumble, to be repeated until the coastal Zhejiang exercises reach their scheduled end.

Few expect China to carry through with its threat to invade Taiwan, diplomats say.

But Beijing is nervous that if Taiwan wriggles away from reunification this could have ramifications for Beijing's ties with Chinese communities in the rest of Asia. "There are long-term issues at stake," he said.

Some diplomats said Beijing's strategy could trigger a rise in support for Lee. Presidential polls are scheduled for next March.

"Plus, it's not clear whose running the show," said one. "Is Jiang directing the military, or in fact does the military have the final voice on such matters?"

TAIWAN STOCK MARKET PLUNGES ON CHINA MISSILE TESTS

(By James Peng)

TAIPEI, August 11.—Taiwan's panic-stricken stock market plunged again on Friday after China announced a second series of missile tests near the north of the island.

Taipei's weighted index fell 217.96 points or 4.57 percent to 4,551.89, a 20-month low, and securities analysts said they expected the index to seek new lows during the tests, to be held between August 15-25.

They said however that strong support would emerge at 4,100, with resistance at 4,700. The index has fallen 36 percent since the end of 1994, with significant losses in the past month.

Taiwan stocks have been badly hit in the past month with the unearthing of fraud in two financial institutions and an earlier round of Chinese missile tests.

The index was trading at around 5,400 points in mid-July, and started plunging when China first announced missile tests on July 19. The tests, were held, without incident, on July 21 and 26, but the stock market indicator resumed its downward movement when the financial scandals came to light this month.

Trading on Friday reflected more of the past month's fears.

"Panic selling emerged right from the opening, although many believed the impact of a second series of missile tests should be smaller than the first," said George Hou, a fund manager of Jardine Fleming Securities.

After opening down 2.96 percent, the index slowed down its fall for a while then resumed its decline.

"If the stock market continues to plunge and the ruling party does not rescue it, I will put my money abroad," said a stock investor at the Yungli stock brokerage in central Taipei.

"We can attribute the stock plunges in recent days in a large part to rumours that several listed firms which have been deeply involved in stock investments have reported financial problems," said Ben Lee, senior analyst of Nomura Securities.

"People are really worried over a chain reaction in financial crises," Lee said.

Last week, a T\$7.9 billion (US\$293 million) run on deposits emerged at a credit union after reported allegations of embezzlement by the union's general manager. Later that week a bills finance firm reported a T\$10 billion (\$370 million) fraud scandal.

Analysts expected the selling to slow down in coming days.

"Sentiment should remain bearish for some time, and investors are expecting the government to announce some bullish news to boost the market," said Lin Long-hsien, assistant vice-president of United Securities.

But they did not expect any bullish news soon to be released by the government to effectively stop the downtrend.

"The government will likely announce some bullish news to boost the market soon, which may cause a small rebound, but then the index will fall again to seek new support level," Hou said.

Analysts forecast that any further sabrerattling by China would have relatively less effect on the market.●

INDIA INDEPENDENCE DAY

● Ms. MIKULSKI. Mr. President, Next week we mark the 48th anniversary of the Independence of India. I rise today to pay tribute to the proud legacy and bright future of the people of India and of the Indian community in the United States.

Indian patriots won independence in 1947, after long years of struggle and sacrifice. A new generation of Indians has inherited their courage—a generation dedicated to safeguarding and enlarging the gains of freedom both in India and in the United States.

The Indian people are committed to democracy, development, international cooperation and the advancement of human rights. India is also committed to economic growth and reform.

The Indian Community has greatly enriched the United States. They have achieved the highest levels of education; founded philanthropic, religious, and cultural organizations; pioneered scientific advances; and presented an informed voice to the American political process. The contributions of individual Americans of Indian descent—in business, medicine, academia and government—is extraordinary.

On Indian Independence Day, I ask my colleagues to join me in honoring the history and accomplishments of the Indian people—and in working toward continued friendship and cooperation between India and the United States.●

PRIVATE DREDGES—A BETTER DEAL FOR THE TAXPAYER

● Mr. FAIRCLOTH. Mr. President, before coming to the Senate, I spent 45 years in the private sector meeting a payroll a businessman and a farmer. I

understand free enterprise and the ability of the private sector to meet the needs of the citizens of this country. Others, Mr. President, do not. They place their faith in government.

This wrongheaded reliance on government is clearly exhibited by the continued use and maintenance of Government-owned hopper dredges. Hopper dredges are the large seagoing vessels used to maintain ocean entrance channels to the Nation's ports and waterways. They are also used to maintain rapidly shoaling rivers.

This problem is that government-owned and operated dredges charge the taxpayer 41 percent more to do their work than is charged by the privately owned dredges. That's according to a 1991 study done by the U.S. Army Corps of Engineers, the very same folks who operate and maintain these dredges.

Hopper dredges have historically been owned and operated by the Government. But in 1977 the Congress did the right thing by directing the Corps to phase out Government-owned dredges and privatize the business of maintaining our Nation's ports and waterways. What a terrific policy that has been for the taxpayer. In 1977 there was a single private hopper dredge—today there are 15. Each one of them doing more work, more cheaply, more efficiently and with more expertise than was previously expected from Government-owned and operated dredges.

The job, however, is not yet done. The private sector has not yet been allowed to fully work its magic. Four Government-owned hopper dredges remain. These inefficient, costly, and antiquated old work horses are perhaps best characterized by the *McFarland*, a tired old lady whose day has passed. Berthed at Philadelphia Naval Ship Yard, the *McFarland* needs more than \$20 million in repairs to even begin to meet the standards we have come to expect from private dredges. I don't think the taxpayer needs to subsidize the work these by-gone beasts of old. And surely we do not need to spend money to repair ships so that they can then go out perform work more expensively than would be the case with privately owned and operated vessels.

The private dredge industry would welcome the work now being conducted by the Government and Government vessels. Right now, one of the large private dredges is relegated to work overseas. That's unfortunate. Because the Government continues to devote 21 percent of available work to old Government dredges, work that accounts for fully 52 percent of available maintenance dredge funds, the private sector must go overseas to find jobs.

The supporters of Government-controlled dredging cite two reasons for their objection to privatization: national security and emergency response. These objections do not hold up under scrutiny. The private sector has proven its ability to respond when called on in an emergency, and its

record can only improve with further privatization. As for national defense, a recent corps study concluded that the private dredges are fulfilling their role as reserve vessels for the corps, and will certainly perform as required in the case of an emergency.

As a member of the Environment and Public Works Committee, I filed an amendment several weeks back to the Water Resource Department Act that would establish a system by which these dredges would be phased out. The amendment was not offered because I agreed with the chairman, Senator CHAFEE, that perhaps it was a bit premature. The committee was not prepared to address the issue at that point. That's fine, Mr. President, but when the bill comes to the floor, it is my intention to offer the amendment or one very much like it. It is time we allowed the private sector to work its magic.

RESTRICTING COVERAGE FOR ABORTION IN FEDERAL EMPLOYEES HEALTH BENEFITS PLAN

● Mr. LIEBERMAN. Mr. President, I rise today to express my deep concern over an amendment to the Treasury Postal-Service Appropriations bill that passed the Senate by a narrow margin last Saturday. The amendment, offered by Senator NICKLES, would restrict coverage for abortion under the Federal Employees Health Benefits Plan [FEHBP], to cases of rape, incest, or where the life of the mother is endangered. The amendment effectively and unfairly limits access to a legal medical procedure for over 1 million women who are covered under the FEHBP. This policy discriminates against women who work for the Federal Government and that is why I voted against it.

Mr. President, we all have strong personal views about abortion. Some of us believe that no matter what our personal view are on abortion, a woman should have the legal right to choose under *Roe versus Wade*. I respect my colleagues who differ with me on this issue and I understand why they differ. But the debate over FEHBP coverage is not a debate over *Roe versus Wade*. The question we should be asking ourselves is this: should women who work for the Federal Government have the same effective choices as women who work for other employers? Two-thirds of women with health insurance have coverage for abortion. Removing abortion coverage from the FEHBP would effectively restrict the reproductive choices of the Federal employee—particularly the thousands of Federal employees with very modest salaries.

A woman who has limited resources but does have health care coverage through FEHBP and needs an abortion would be out of luck. She may delay her abortion until she has been able to come up with the extra money necessary for an abortion. Later term abortions are more dangerous and the