

EXTENSIONS OF REMARKS

KODAK'S DIFFICULTIES REVEAL JAPAN'S TRADE BARRIERS

HON. PHIL ENGLISH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1997

Mr. ENGLISH of Pennsylvania. Mr. Speaker, as the Japanese Government continues to systematically deny Japanese consumers fair and competitive access to America's Eastman Kodak Company's film and paper products, it is critical to maintain pressure on the administration to resolve this case. This case has far-reaching ramifications for our Nation's export potential. With that in mind, I respectfully submit the following article outlining the importance of a positive resolution of this case for my home State of Pennsylvania.

[From the Harrisburg Patriot News, Oct. 17, 1997]

KODAK'S DIFFICULTIES REVEAL JAPAN'S TRADE BARRIERS

(By Clifford L. Jones)

In the current and continuing congressional debate over foreign trade, the issue foremost in everyone's mind is the assurance that as trade barriers fall, they must fall equally for every trading partner. American workers, American companies are not afraid of competition, but we must insist on fairness in foreign markets.

Unfortunately, one of America's long-time trading partners continues to stick its thumb in the eye of American business. Japan continues to insist on tilting the playing field in their favor. That practice must be brought to an end, if not by Japan then mandated by enforcement actions by the World Trade Organization. And, if the World Trade Organization refuses to act in the face of blatant disregard for fairness in the marketplace, then America must rethink its actions in trade matters. In a few months, the World Trade Organization, the international arbiter of free and fair trading, is expected to settle a dispute that could affect every family in Pennsylvania.

The United States government has charged the Japanese government with systematic denial of fair and competitive access to Japanese consumers by America's Eastman Kodak Company.

Although this case involves photographic film and paper, it could just as easily have been brought on behalf of chemicals, telecommunications, agriculture or medical technology. There is a growing list of American industries thwarted by Japan's regulations which effectively protect Japanese business from foreign competition.

This case is important to all Americans, not just for Kodak employees, because exports are increasingly vital to our nation's economic well-being. By expanding sales of American products overseas, we create new jobs, higher incomes and a better standard of living at home. If the United States wins this case, other companies, including many in Pennsylvania, should find it easier to enter the Japanese market.

The United States has brought a fundamental challenge to the Japanese way of doing business. For 30 years, Japan has

sought the benefits of lower tariffs to create new overseas markets for its own goods while firmly establishing restrictions on the entry of American products into its marketplace. For three decades, through three rounds of international negotiations, the Japanese government has promised and, yet, refused to eliminate major trade barriers.

It has replaced formal trade barriers with a complex series of laws and regulations. In fact, after the first round of negotiations in 1967, the Japanese Cabinet stated that it would be a "basic necessity" to protect domestic industry from foreign competition.

Kodak's on-going problems with marketing in Japan are indicators of the difficulties encountered by most U.S. industries as they attempt to compete fairly in Japan. In the last three decades Kodak has invested significant resources in the Japanese market and yet Kodak has managed to secure a market share nowhere near what it is in every other market in the free world.

Something, quite obviously, is wrong.

Kodak's market share is not the result of Japanese preference for domestic brands. Most Japanese consumers simply are unable to find Kodak products in stores. Unlike Japanese makers of photographic paper and film with totally free and fair access to the U.S. market, Kodak is able to reach only a small percentage of the market in Japan.

Unbelievably, Japan has consistently refused to even discuss this situation with the United States, one of its staunchest allies.

Common sense tells us that if trade barriers fall, foreign firms should capture a larger share of the market. In other countries when governments have honored their commitments, to free trade, Kodak's share has risen. This has not happened in Japan.

The Kodak case is also important to our relationship with such East Asian nations as China, Taiwan and South Korea, all of whom are following to some degree the Japanese model of export-led growth in combination with a protected domestic market.

If the United States case is successful, it will send a firm warning to other nations that they, too, must honor their commitments to free trade—or suffer the consequences. Recognizing the historic nature of the case the European Union is supporting the United States before the World Trade Organization.

I believe that the evidence supporting Kodak is overwhelming and there is only one reasonable conclusion. Let's hope for the sake of U.S. industry and for American workers that the World Trade Organization arrives at that conclusion. Such a determination will have the additional benefit of calming many of the congressional fears over proposals for continuing America's and the world's march to free trade.

CONGRATULATIONS TO THE VALPARAISO COMMUNITY SCHOOL SYSTEM

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1997

Mr. VISCLOSKY. Mr. Speaker, it is a great privilege to take this opportunity to congratulate

the Valparaiso Community School System. Valparaiso placed in the top 10 percent of 15,893 school systems nationwide, and it was named a 1997 "What Parents Want" award winner by SchoolMatch, an Ohio-based school selection consulting firm. I would especially like to recognize Valparaiso Community School System's superintendent, Michael Benway, and its director of secondary education, Glen Gambel, for their significant roles in this distinguished achievement.

The "What Parents Want" award was established 6 years ago by school administrators concerned about negative publicity surrounding public education. In making its decision, SchoolMatch uses information from county and State auditors, State taxing authorities, and State boards of education. To assess a school's qualifications, the firm uses a checklist of what parents look for when deciding which school system is best for their children. The seven-point list includes: competitiveness; academically solid, but not intimidating, testing; accreditation; recognition by a national foundation or by the U.S. Department of Education; competitive teacher salaries; above-average instructional expenditures; above-average library and media expenditures; and small class size.

The award is especially meaningful for the Valparaiso Community School System since SchoolMatch is a prominent organization that performs its own extensive research to determine which schools meet the above criteria.

With families increasingly having to relocate for job related purposes, SchoolMatch provides an invaluable service to parents with school-age children. SchoolMatch is used by a number of large corporations as they help relocating employees match their expectations with a school system in the area of relocation. The program has gained national recognition, as more than 48,000 parents contacted SchoolMatch's headquarters in Columbus, OH, last year.

Mr. Speaker, I ask you and my other distinguished colleagues to join me in commending the Valparaiso Community School System on its receipt of this prestigious award. The dedication of Valparaiso's teachers and administrators to the education of citizens in the Valparaiso community is truly inspirational.

CHINA'S NUCLEAR NONPROLIFERATION POLICY

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1997

Mr. STARK. Mr. Speaker, I rise today to commend my colleagues, Mr. MARKEY, Mr. GILMAN, and Mr. COX, for their bipartisan efforts to shed light on China's pending nuclear nonproliferation certification in this morning's Washington Post. These distinguished gentlemen present us with the facts on China's most recent and egregious nonproliferation violations. Now it's up to President Clinton to face

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

the facts and deny certification to China as a responsible member of the international nonproliferation community.

The Central Intelligence Agency released its biannual report to Congress this past summer and listed China as one of the two biggest nations to export nuclear materials to Iran and Pakistan. Now, less than 4 months later, China is pledging to limit its exports to Iran and end nuclear cooperation with the rogue nation. This agreement arrives at the dawn of "new and improved" United States-China relationship. As a nuclear weapons state and party to the Nonproliferation Treaty, China is obligated to promote "the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy." If China can break its pledge made in an international treaty, it certainly has the capability of breaking its pledge made to the Clinton administration. What evidence does the United States have that China will keep its promise to curb sales of nuclear materials to its largest consumers?

None. China's Government has denied accusations of selling nuclear technology and material to rogue nations. It has been barred from receiving United States technology for over 10 years for these transactions and now we're supposed to believe that China will reverse its current policy. I hope the Clinton administration doesn't expect Congress to buy this bogus change of heart. The administration has delinked human rights from trade and now it wants to ignore its own intelligence reports on nuclear proliferation. If the United States agrees to sell nuclear technology to China, it will open up the nuclear arms market to Iran and Pakistan. This is irresponsible, unacceptable, and goes beyond a policy of engagement.

China has not given any substantive signs of changing its current nuclear sales to Iran, yet the administration acquiesces on all requests for cooperation. China's leader, Jiang Zemin, insisted upon a fanfare welcome from the United States and his request was granted. However, compliance of the warm welcome should not set the tone for the upcoming discussions between the two leaders. President Clinton must send a clear, firm message regarding U.S. nuclear nonproliferation policy. The United States must lead by example and show China—and the world—that we are not open to sending nuclear technology to Iran via China.

The following article appeared in today's Washington Post:

CHINA AND NUCLEAR TRAFFICKING

(By Edward J. Markey, Benjamin A. Gilman and Christopher Cox)

During Chinese President Jiang Zemin's visit this week, President Clinton is expected to activate a 1985 Nuclear Cooperation Agreement with China. American companies would then be authorized to start selling nuclear reactors and fuel to a country that has been identified by the CIA as "a key supplier of most destructive arms technology" to rogue regimes such as Iran's. We believe that providing access to American technologies that could end up assisting Iran's nuclear weapons programs would constitute an intolerable risk to U.S. national security.

When the Nuclear Cooperation Agreement was finalized in 1985, Congress placed conditions on the resolution approving it that required the president to certify that China had become a responsible member of the

international nonproliferation community before the agreement could go into effect. No U.S. president, not Regan, not Bush and until now not Clinton, has made such a certification. A glance at the record quickly shows why.

Communist China's nuclear, chemical, biological and missile proliferation has made it the Wal-Mart of international nuclear commerce. Consider the following list of only the worst and most recent of China's nonproliferation violations:

In February 1996 the People's Republic of China was discovered to have sold 5,000 ring magnets to Pakistan for use in Pakistan's secret uranium enrichment facility, though it publicly denied doing so.

In May 1997 the State Department cited seven Chinese entities for exporting chemical weapons technology to Iran.

In June 1997 Time magazine reported that China had not only transferred nuclear-capable missiles to Pakistan but was also helping Pakistan build missiles of its own.

In July 1997 the CIA identified China as being "the most significant supplier of Weapons of Mass Destruction (WMD)-related goods and technology to foreign countries."

In August 1997 Israeli intelligence reports confirmed that China is supplying long-range nuclear missile technologies to Iran.

In September 1997 the U.S. Navy reported that China is the most active supplier of Iran's nuclear, chemical and biological weapons programs.

This record speaks for itself. China has continually assure the United States that it would stop providing technologies for weapons of mass destruction to countries such as Iran and Pakistan. China has continually failed to live up to its promises. Before implementing the 1985 agreement, we need to be certain that this time the promises are for real.

The 1985 agreement requires the president to certify that China has made sufficient progress in halting proliferation. President Clinton, however, seems to believe that China's past proliferation record is irrelevant, and that we should blindly trust the vague and untested promises China has made to implement its own export controls and regulations. China has yet to make a tangible demonstration of its commitment to cease its sales of WMD technologies. Implementation of the Nuclear Cooperation Agreement is profoundly ill advised, at least until the following criteria are met:

(1) China must join the Nuclear Suppliers' Group (NSG). The NSG members have agreed not to sell nuclear technologies to any country that does not allow international inspections of all of its nuclear facilities all of the time, a criterion known as "full-scope safeguards." A 1993 statement by then Secretary of State Warren Christopher calls the NSG "a fundamental component of the international nonproliferation regime," and says that "the United States has been a strong proponent of requiring full-scope International Atomic Energy Agency safeguards as a condition for significant new nuclear supply commitments." Christopher's first statement remains true, but the Clinton administration is considering reversing itself on the second. Why should countries such as Canada and Switzerland, both NSG members, be held to a higher nonproliferation standard than Communist China?

(2) China must cease all proliferation of weapons of mass destruction, including missiles and chemical and biological weapons. A promise to cease nuclear proliferation without similar assurances to cease the proliferation of other mass destruction technologies is a lot like an alcoholic's swearing off scotch without bothering to stop drinking beer or wine.

(3) China must follow through with its promise to implement an export controls system, but it must be proved to be effective. This can be accomplished only through the passage of time. With such a long legacy of transgressions and broken promises, we need to see evidence of true reform before moving forward with certification.

President Clinton has an opportunity, as well as an obligation, to require that the People's Republic of China demonstrate its compliance with global nonproliferation norms (as opposed to mere promises) by resisting pressure from the Chinese government (and the American nuclear industry). But if the president certifies China as a nonproliferator, despite the record we have outlined and without a demonstrated change of behavior on the part of Beijing, he will have eviscerated U.S. nonproliferation policy and compromised U.S. national security.

PERSONALIZING SOCIAL SECURITY

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1997

Mr. SMITH of Michigan. Mr. Speaker, once in a while, a speech is made that really makes sense for America. Recently Jim Martin, president, 60 Plus Association, made one of these speeches. On Social Security's 62d anniversary, Jim talked about the importance of personalizing Social Security.

Jim notes that the likely alternative to personalizing Social Security is a tax increase. Since 1971, there have been 36 Social Security tax increases. A Social Security tax increase does not make economic sense and more importantly it is not fair to working Americans.

Jim Martin, representing seniors all over America, supports the introduction of my Social Security Solvency Act, personalizing Social Security by offering each worker his or her own personal retirement savings account.

Thank you, Jim, for your thoughtful remarks.

PERSONALIZING SOCIAL SECURITY:

UNPLUGGING THE THIRD RAIL

(By James L. Martin)

When I came to Washington as a newspaper reporter in 1962, John F. Kennedy was in the White House, Neal Armstrong had not yet walked on the moon, Strom Thurmond was a Democrat and the problems with Social Security were perceived by few, other than Barry Goldwater.

So, today, August 14, 1997, on the 62d anniversary of Social Security, the 60 Plus Association becomes the first seniors group to publicly go on record to overhaul the system, releasing a paper it commissioned by economist Richard A. Hart, entitled "Personalizing Social Security: Unplugging the Third Rail." Why did a senior citizens group decide to tackle the issue of Social Security reform? Let me answer by citing a question I'm asked often about the program signed into law by President Franklin Delano Roosevelt on August 14, 1935.

The question is always the same, "Jim, why get involved?" After all, the theory goes, even if the current system is going bankrupt, "your seniors are protected, so why bother with the uncertain future of this politically volatile issue?"

Believe me, it would be easy to take a head-in-the-sand approach as so many do, including, I'm sorry to say, other senior citizens groups. Unfortunately, this attitude