

granting such contracts. The second administrative vendor contract will be negotiated in California later this year. Without Congressional action on this issue, it is likely that there will once again be competition among participating health plans to obtain the vendor contract.

To further describe the seriousness of this conflict of interest, under California's program the administrative vendor performs a wide variety of functions including: providing trained staff on the program's toll free telephone lines, making eligibility determinations and redeterminations, collecting premiums, enrolling and disenrolling members, transmitting enrollment information and updates to participating health plans, administering the annual open enrollment process, and the list goes on and on. These are clearly functions over which a participating health plan has tremendous interest and will certainly attempt to influence in any system.

Clearly, allowing plans to play both roles creates an inherent bias. And, at a time when there are numerous alternatives to selecting a health plan with a financial interest in that market, it is a bias that can be easily avoided.

Further evidence that our legislation has real merit can be found in another provision of the Balanced Budget Act of 1997 (BBA) which included the S-CHIP program. The BBA allows state Medicaid programs to choose private enrollment brokers to handle the day-to-day enrollment functions of their Medicaid programs. However, in allowing these enrollment brokers, the law clearly stipulates that the enrollment broker be free of any conflicts of interest. Specifically, the law requires that, "The broker is independent of any such entity and of any health care providers (whether or not any such provider participates in the State plan under this title) that provide coverage of services in the same State in which the broker is conducting enrollment activities."

Our legislation would apply the same conflict-of-interest standard that exists in the Medicaid enrollment broker law to the S-CHIP law.

This is an important bill that would protect the integrity of S-CHIP programs across the country. We look forward to working with our colleagues for passage of the State Children's Health Insurance Program Integrity Act this year.

THE JOSEPH ILETO POST OFFICE  
(H.R. 3189)

**HON. GARY G. MILLER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 8, 2000*

Mr. GARY MILLER of California. Mr. Speaker, I would like to take this opportunity to inform my fellow colleagues that H.R. 3189, the Joseph Iletto Post Office in Chino Hills, California, has the support of the California congressional delegation.

Today, I am submitting the names of 19 California Members who recently agreed to support my legislation which will name the soon-to-completed U.S. Post Office in Chino Hills, CA after Mr. Joseph Iletto. These 19 names will be added to the 33 Members of the California delegation who support passage of the Joseph Iletto Post Office. H.R. 3189 passed the House of Representatives on No-

vember 8, 1999 by voice vote and currently awaits action in the U.S. Senate.

You may remember that Mr. Iletto, a resident of Chino Hills, was the postal employee who was murdered on August 10, 1999 by Buford Furrow, the gunman who shot and wounded five children and employees at the North Valley Jewish Community Center (in suburban Los Angeles).

At the time of H.R. 3189's passage, I was listed as the only sponsor of the bill. The Postal Subcommittee of the House Government Reform Committee allowed me to introduce H.R. 3189 with the understanding that I would need to seek additional support within the California delegation. Even though my California colleagues will not be listed as cosponsors of H.R. 3189, they have graciously agreed to be listed as supporters.

Therefore, Mr. Speaker, please add the following 19 Members as supporters of H.R. 3189:

Representative WALLY HERGER, Representative DOUG OSE, Representative LYNN WOOLSEY, Representative GEORGE MILLER, Representative BARBARA LEE, Representative ELLEN TAUSCHER, Representative RICHARD POMBO, Representative TOM CAMPBELL, Representative ZOE LOFGREN, Representative GARY CONDIT, Representative GEORGE RADANOVICH, Representative CALVIN DOOLEY, Representative BILL THOMAS, Representative XAVIER BECERRA, Representative LUCILLE ROYAL-ALLARD, Representative GRACE NAPOLITANO, Representative STEVE KUYKENDALL, Representative JOE BACA, and Representative RON PACKARD.

#### THE HOLOCAUST AND THE MILLENNIUM

**HON. SAM FARR**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 8, 2000*

Mr. FARR of California. Mr. Speaker, just barely five weeks ago the world celebrated a new millennium. There were fireworks and galas and celebrations galore. We all hoped to wipe the slate clean and begin a new year, a new era—free of our old prejudices, free of our old nightmares.

That was a lofty goal and I endorse it wholeheartedly: we ought to strive for peace and harmony every chance we get. A new year and new millennium is as good a chance as you can get.

But that doesn't mean forgetting the sacrifices of those who have gone before us, or forgetting the history that has shaped our lives.

This weekend in Salinas in my home district, the community will honor Harold Gordon. Remember the Academy Award-winning film "Life is Beautiful"? Harold Gordon is "Life is Beautiful" for real.

Harold Gordon was a shy, happy child growing up in Poland when suddenly the world turned dark. He, along with the rest of his family, was trundled off to the Polish ghetto, then work camps, then concentration camps. Most of his family was killed. All of his friends disappeared. Auschwitz, Dachau, Buchenwald . . . these are words that instill fear in all of us, even though we did not live through the torture of those places. But Harold Gordon knows it first hand.

In the movie "Life is Beautiful" the child survives the concentration camp because his father is clever enough to hide him each day. The child is led to believe that he is playing a game with the SS soldiers. Harold Gordon and his father survived the concentration camp through no special gimmicks. There was no fantasy and no games. This was life-and-death reality at its worst.

And yet, Harold Gordon has written of his experience during that awful time a book that is an inspiration to us all. The Last Sunrise is Harold Gordon's memoir of his daily struggles to avoid the gas chambers and give strength to those around him, even though he was just a boy at the time.

I marvel at Mr. Gordon's ability to present a story of death at a pace that reads like a Number One Bestseller on the New York Times book list. You simply cannot put it down. I think the appeal of The Last Sunrise is that its real story is not even that of the war or of the concentration camps. It is a story ultimately of hope and survival.

Despite the gruesome realities of daily existence, Harold carried with him the belief that human spirit will overcome, that the power of humanity will survive beyond the walls of the concentration camp. Certainly, even those who lost their lives during this terrible time in mankind's history have not been forgotten but serve daily as a reminder to us all not ever to let it happen again.

At one point, Harold asks himself, "Why was I being spared?" The answer to that question is: so we can all learn from Harold's experience. It is the same question we should all ask ourselves: why are we here and what is it that we bring to this life that will benefit others? Harold found the answer by writing a most compelling book to remind us of the value of life, the power of hope and the inspiration of another day.

Mr. Speaker and my colleagues, I commend to you The Last Sunrise and hope that you will join me in honoring Harold Gordon.

#### SEVENTH REPORT OF THE SPEAKER'S TASK FORCE ON THE HONG KONG TRANSITION

**HON. DOUG BEREUTER**

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 8, 2000*

Mr. BEREUTER. Mr. Speaker, I rise today to submit the Sixth Report of the Speaker's Task Force on the Hong Kong Transition. It has been approximately two and half years since Hong Kong reverted to Chinese sovereignty on July 1, 1997. Prior to that historic event, at the request of Speaker Gingrich, this Member formed the House Task Force on Hong Kong's Transition. In addition to myself as Chairman, the bipartisan Task Force includes Representatives HOWARD BERMAN, SHERROD BROWN, ENI FALEOMAVAEGA, ALCEE HASTINGS, DON MANZULLO, and MATT SALMON.

To date, the Task Force has prepared six reports assessing how the revision has affected Hong Kong. The seventh report, which I submit today, covers the period of March 31, 1999, through December 31, 1999. Mr. Speaker, I submit the following Task Force report to be printed in full in the CONGRESSIONAL RECORD.

## SEVENTH REPORT—FEBRUARY 7, 2000

Presented by the Honorable Doug Bereuter,  
Chairman

*This is the seventh report of the Task Force on the Hong Kong Transition. It follows the first report dated October 1, 1997, the second report dated February 25, 1998, the third report dated May 22, 1998, the fourth report dated July 23, 1998, the fifth report dated February 2, 1999, and the sixth report dated May 27, 1999. This report focuses on events and development relevant to United States interests in the Hong Kong Special Administrative Region (HKSAR) between May 27, 1999, and December 31, 1999.*

It has been over two years since Hong Kong reverted to Chinese sovereignty on July 1, 1997. It remains a vibrant economy that the Heritage Foundation and the Cato Institute recently ranked as the freest in the world. During the past six months, Hong Kong's economy showed signs of recovering from the recession induced by the Asian regional financial crisis, although economic indicators were mixed. China's World Trade Organization (WTO) agreement with the U.S., and agreement to build a major Disney theme park in Hong Kong contributed to the mood of economic optimism and business confidence. Hong Kong continued to operate independently in economic decision-making and to voice its own views in international fora, including the WTO and APEC.

In the six months covered by this report, concerns have grown about the long term prospects for the independence of Hong Kong's judiciary. These concerns were prompted by the decision of the National People's Congress, (NPC) at the request of the Hong Kong Government, to reinterpret the Basic Law and reverse the Court of Final Appeal's (CFA) "right of abode" decision for mainland Chinese. The NPC's interpretation and the CFA's acknowledgement of the NPC's authority over the matter drew considerable domestic and international criticism, including that of the UN Human Rights Committee (UNHRC). On November 5, the UNHRC released a report critical of Hong Kong's post-transition record in a number of human rights related areas. (In addition to the question of judicial independence, the report expressed concern about the abolition of municipal councils, phone monitoring and freedom of association.) A recommendation by the Hong Kong Law Reform Commission to establish an independent "privacy commission" to monitor media excesses also created concern because of the implications for media freedoms. The Government initially remained neutral, but in October the Chief Executive expressed the hope that the press could regulate itself.

On May 21, 1999, following the mistaken bombing of the Chinese Embassy in Belgrade, the PRC halted U.S. naval and air visits to Hong Kong. At least seven military aircraft and ten warships were denied permission to visit. After a two month ban, the Chinese Government began granting permission for plane visits on July 29, 1999, and a U.S. Navy destroyer was permitted to visit in October. Since then, other visits have taken place and a carrier task force and nuclear submarine were granted permission to visit in February.

The reversion of Macau to Chinese administrative control on December 20, 1999, went smoothly. Like Hong Kong, Macau will become a Special Administrative Region within a "One Country, Two Systems" formula under which the legislature elected under colonial rule will remain in place. However Macau faces a number of daunting economic and political challenges. Macau's civil service is inexperienced compared to Hong Kong. The judicial system is also poorly developed and there are few trained or experienced

judges. The economy is heavily reliant on gambling and tourist related industries. Crime, corruption and violence are serious problems that have begun to affect the tourist/gaming industry. For a variety of reasons, Macau's evolution under the One Country, Two Systems model is likely to differ considerably from Hong Kong's.

## ECONOMIC DEVELOPMENTS

Developments on the economic front in the past six months have been positive. A survey by the Heritage Foundation and the Wall Street Journal once again ranked Hong Kong as the world's freest economy. In January 2000, the Cato Institute came to a similar conclusion in its report. Hong Kong's economy showed signs of recovering from the recession induced by the Asian regional financial crisis, although economic indicators were mixed. After four consecutive quarters of negative economic growth, the recession in Hong Kong appears to have bottomed out, with positive growth of 0.7% projected for the second quarter. In September, The IMF forecast that Hong Kong would have GDP growth of 1.2% this year and 3.6% next year. The Government projected budget deficit for the 1999-2000 fiscal year that began April 1 was estimated at HK \$32 billion (US \$4.1 billion), although overall foreign exchange reserves remained high at over US \$90 billion. However, unemployment remained at historically high levels. The figure for the August-October quarter was 6.2%, up from 6.1% the previous quarter. Underemployment remained steady at 3.1%. Weak demand and falling asset values brought about continued significant deflation, with consumer prices falling 6.0% in September over a year earlier. Investment spending remained sluggish. Exports, tourism and retail sales were up in recent months. The stock market has more than doubled since the government decided to intervene in August 1998, although concern remains about Government intervention in the economy.

Export performance improved considerably in recent months. However, for the first ten months of 1999, the volume of re-exports was down 0.7% and the volume of domestic exports was down 12.2%. Imports for the first ten months of the year also declined by 5.6%. The trend towards increased reliance on re-exports and offshore trade makes the economy susceptible to external factors beyond Hong Kong's control. The Government sought to address this problem in part through its ambitious "Cyberport" project aimed at attracting world class information technology companies. While this initiative was widely welcomed, questions were raised by the government's decision to sell the land for the project without an open, transparent bidding process.

Tourism was another sector with mixed indicators. The Hong Kong Tourist Association projected in August that total arrivals would exceed 10 million, an increase of over 6% from 1998. However, although arrivals did increase 13% in the first quarter, spending was actually down by 0.8%. This reflected the changing nature of tourism in Hong Kong, with lower spending arrivals from the mainland making up an increasingly large percentage of total visitors.

Overall, Hong Kong's Government's massive intervention in the currency and stock markets in August 1998 appears to have been a success despite earlier concerns. The market rose to over 15,000 in November 1999, compared to 6,660 in March 1998 before the intervention. Trading volume has also risen sharply. The equities purchased by the Government have increased greatly in value and the Government's unprecedented ownership of significant amounts of equities, both in Hong Kong-based companies and in PRC-re-

lated "Red Chips" has raised questions about the potential to affect official decision-making in ways contrary to Hong Kong's traditions of free markets and transparency. To allay these fears, authorities have placed the equities in the hands of an independent appointed board and in November began the first steps to liquidate its holdings by selling approximately 20% to the public through an indexed tracking fund ("The Tracker Fund").

Positive developments included the U.S.-China agreement on China's accession to the WTO. Most analysts believe that WTO membership for China should be an economic boon for Hong Kong, both in the short and long term. China's accession to the WTO is expected to benefit Hong Kong's business by allowing it to capture its portion of China's expanding trade and investment. However, Hong Kong is also likely to face increased competition from the mainland in several fields and will have to find new ways to keep serving as a bridge between China and its global partners. Another plus was the HKSAR's agreement with the Disney Corp. to build a major theme park. Although some questioned the terms of the deal and the fact that most of the investment would come from the Hong Kong Government, most observers felt that the development would provide a positive economic stimulus, particularly for the tourism sector.

## POLITICAL DEVELOPMENTS

Under the Basic Law that serves as Hong Kong's Constitution, directly elected representatives to the Legislative Council (Legco) from geographic constituencies make up only 20 of the 60 members. That number will increase to 24 in the year 2000 and 30 in 2004. The Basic Law allows for (but does not mandate) the remaining 30 functional seats to be converted to directly elected positions. It would also permit the direct election of the Chief Executive in 2008. Some elected members of Legco, as well as other political activists, have been lobbying for some time for a faster transition to a more democratic system. On January 3, 2000, the three major political parties in Hong Kong, joined to urge full democracy by 2008, arguing that the present system is "unsustainable." However, in his 1999 policy address in October, Chief Executive Tung Chee-hwa said he would restrict democratic development to that laid down by the Basic Law. He was quoted as saying, "We must allow time for further study and for the present political system to mature."

The current political system in Hong Kong is heavily weighted towards concentrating power in the executive rather than the legislature. Legco acts primarily as a monitoring body that can block or amend government legislation and hold hearings. In this capacity, Legco performed well, ensuring that views critical of the Government were vigorously voiced and pursued. Legco forced the Government to become more transparent than might otherwise have been the case, involving and informing the public and maintaining a vibrant political debate on issues of public concern. However, some critics complained that Legco had few tangible achievements since the Basic Law leaves the Government with an overwhelming preponderance of power. They cite Legco's inquiry into problems at the new airport, Government intervention in the stock market, the non-prosecution of a well-connected editor, acquiescence on criminal jurisdiction of the Hong Kong courts and the right of abode debate as examples of Legco's ultimate inability to affect government policies. Differences between many of Legco's elected representatives and the Executive created tensions and

caused Tung to pledge that "my administration will make still greater efforts to maintain communication with Legco and secure its greater support." He said that the two had explored ways to establish a cooperative relationship.

The Government's decision to eliminate elected municipal councils by the end of the year brought widespread criticism. The UNCHR said that abolishing the councils, which are largely elected, would diminish the opportunity for the public to take part in public affairs. The report urged the government to "take all necessary measures to maintain and strengthen democratic representation of SAR residents in public affairs." In addition, Chief Executive Tung's decision to appoint additional members to the 18 local level councils was seen by some as undemocratic and regressive. The Democratic Party and the pro-Beijing Democratic Alliance for the Betterment of Hong Kong (DAB) were the biggest winners with 86 and 83 seats respectively. The DAB's showing, in particular, was markedly better than in the last District Council elections.

#### JUDICIAL INDEPENDENCE—RIGHT OF ABODE DECISION CREATES CONCERN

A fair and independent judicial system is a critical element of international confidence in Hong Kong. However, two incidents involving the "Right of Abode" judgment raised concerns about whether the independence and authority of Hong Kong's judiciary would be maintained. The Hong Kong Government's request for a clarification of sections of the judgment referring to the court's right of judicial review, and the Hong Kong Government's request for interpretation by the National People's Congress of the section of the Basic Law affecting the ruling.

In January, the Court of Final Appeal issued rulings in three cases, known collectively as the "Right of Abode" ruling. The ruling declared some Hong Kong immigration regulations (discriminating against children born out of wedlock) inconsistent with the International Covenant on Civil and Political Rights subsumed in the Basic Law and confirmed that all children of Hong Kong residents had right of abode in Hong Kong. The ruling also asserted the Court's right of judicial review over not only the Basic Law, but also over acts of the National People's Congress as they affected Hong Kong.

In February, in response to criticism from Chinese officials, the Hong Kong Government requested an unprecedented "clarification" of the ruling. The Court responded with a statement stressing that it did not question the power of China's NPC to interpret the Basic Law, but reserved its power to test acts of the NPC against the Basic Law. Human rights advocates and some lawyers and legislators expressed concern that the clarification set a dangerous precedent.

In May, after releasing reports suggesting that the ruling would result in an influx of 1.6 million new immigrants, the Hong Kong Government asked the Standing Committee of the NPC to interpret two sections of the Basic Law relevant to the Right of Abode ruling. Hundreds of Hong Kong lawyers who viewed the request as a post-judicial remedy which undermined the authority and independence of Hong Kong's judiciary marched in protest. Although the NPC interpretation issued in June, did not affect the original litigants in the case, it overturned the prescriptive effect of the CFA judgment and reduced the number of people eligible for right of abode in Hong Kong to 160,000. The UN Human Rights Committee expressed concern that the interpretation could undermine the independence of the Hong Kong courts and interfere with the right to a fair trial. Legal

scholars and activists said the interpretation raised the question of "how final is the Court of Final Appeal?"

In a judgment on a separate appeal in December, the CFA upheld the NPC interpretation saying it was "valid and binding" on courts in Hong Kong. The decision provoked street clashes between protestors and police and caused a widespread outcry from opposition legislators academics and newspaper editorials. Legco legal sector representative, Margaret Ng, for example, said that the ruling means the NPC Standing Committee can interpret any part of the Basic Law at any time, and the interpretation has a binding effect on the Hong Kong courts. The South China Morning Post in a December 4, 1999, editorial said, "it has now become clear that the Basic Law means only what the NPC Standing Committee wants it to mean, even if the SAR judges disagree."

Another case that generated concern among some was the CFA's December 15 decision that desecration of the national and regional flags was indeed a criminal offense. While this is the case in many countries, including Germany and Italy, some critics viewed the decision as inconsistent with the guarantee of freedom of expression and motivated by political considerations.

#### FREEDOM OF EXPRESSION AND INDIVIDUAL LIBERTIES

The people of Hong Kong continued to enjoy a tradition of free speech and free press. Political debate is dynamic and raucous. Thousands of demonstrations or petitions have been filed or held since the reversion. A wide and diverse range of opinions, including those critical of the Hong Kong and PRC Governments, are routinely aired in the mass media and public fora. Government owned, but independently operated, Radio and Television Hong Kong (RTHK) is among the media that has been routinely critical of the government. In August, RTHK was criticized by a member of the NPC Standing Committee for airing the views of Taiwan's unofficial representative in Hong Kong to discuss Taiwan President Lee's "state to state" theory of China-Taiwan relations. The NPC member urged RTHK to exercise self-censorship on this issue and not provide a channel for "splittist views." The subsequent reassignment of the widely respected, long time director of broadcasting for RTHK, Cheung man-ye, in October was seen by some as Government retribution for RTHK's independent editorial policy. Democratic Party Chairman Martin Lee labeled the "exile" of Cheung as a Government effort to control the press. Cheung however, expressed continued confidence in the editorial integrity and independence of RTHK under her deputy and successor.

On August 20, 1999, a subcommittee of Hong Kong's Law Commission issued a recommendation that proposed establishing an independent "privacy commission" to deal with complaints about media excesses. The commission would be empowered to hear complaints about unwarranted or offensive media intrusions into peoples' personal lives (acknowledged even by the media to be a serious problem), to make decisions about the merits of those complaints, and to award compensation to complainants. The media and public, given until November 30, 1999, to comment on the proposal, gave the subcommittee an earful. Ms. Margaret Ng, a Legco representative of the law profession voiced the concern of many calling the proposed privacy commission a measure to control the press, not protect privacy. A Freedom Forum representative described the proposal as "dangerous to press freedom." The U.S. consul general in Hong Kong also expressed concern about the proposal in a wide-

ly quoted speech. Thus far, the Government has not taken a position on the proposal and for the time being at least, Hong Kong media remains vibrant, critical and sometimes intrusive into the private lives of individuals.

Another area of concern has been the prosecution in China of Hong Kong residents for crimes committed elsewhere. The conviction and execution in China of two persons, one a Hong Kong resident and the other a PRC national, who was wanted for committing crimes in Hong Kong in December 1998, first brought the issue to public attention. Most recently, the arrest and rendition of a Hong Kong resident from Thailand to China has created fears that Hong Kong residents can be apprehended by PRC authorities while overseas.

The denial of visas for Hong Kong residents to visit China and for Chinese dissidents to visit Hong Kong was another issue of concern. In March 1999, a number of well known exiled Chinese dissidents were denied Hong Kong visas to attend an NGO organized conference on the future of democracy in China, although several of the dissidents had visited Hong Kong prior to reversion. In August, the Government refused a visa to Chang King-yuk, a former senior Taiwan official, who wished to attend an academic conference on unification at Hong Kong University. However, a number of prominent Chinese dissidents including Labor Rights activists Han Kongfang and Information Center for Human Rights and Democracy Movements in China Director Lu Siqing continue to operate freely in Hong Kong.

In September, Legco legal representative Margaret Ng, who led public protest against the Hong Kong Government's decision to seek NPC interpretation in the Right of Abode case, had her Chinese visa revoked to prevent her from attending a legal conference on the PRC Constitution. Human Rights activists fear that the action, and the Hong Kong Government's failure to protest it, may have a "chilling effect" on public discourse. The Hong Kong Government's failure to include any representatives of the democratic parties on its delegations to attend National Day in Beijing or the Macau Handover Ceremony on December 20 was seen by some as an effort to placate the PRC at the expense of promoting pluralism in Hong Kong.

In May, the failure of the PRC, which has responsibility for Hong Kong's defense and foreign affairs, to allow a visit to Hong Kong by Pope John Paul II during his trip to Asia last fall was also of concern to many. Many religious, political and human rights leaders publicly expressed disappointment that the visit was canceled.

Despite China's crackdown on the Falun Gong spiritual organization, adherents continued to practice freely in Hong Kong and held a continuing demonstration outside the office of China's Xinhua News Agency. In December 1999, about 1,000 members held an international conference in Hong Kong and conducted a march through the city. Hong Kong Chief Executive Tung Chee Hwa warned that the demonstrators "must comply strictly with Hong Kong laws and must not act in any manner which are against the interest of China, Hong Kong or 'One Country, Two Systems.'" In another development, the Hong Kong telecom authority ruled that a private company could refuse to relay messages referring to Falun Gong to subscribers on the mainland but was required by Hong Kong law to relay such messages to customers in Hong Kong.

Article 23 of the Basic Law provides that Hong Kong shall enact laws on its own to prohibit subversion, secession, treason and sedition against the Chinese Government. The Government has moved cautiously and

deliberately in this regard and has sought to conduct wide public consultations; no such legislation appears to be on the horizon. Xu Simin, a senior local adviser to the Chinese Government said in August that such laws were not urgently needed and that the time was not right to enact such legislation.

#### U.S. SHIP AND PLANE VISITS

Following the accidental NATO bombing of the Chinese Embassy in Belgrade last May, PRC authorities denied at least ten U.S. warships and seven planes permission to stop over or visit Hong Kong. After more than a two month ban, the Chinese government began granting permission for plane visits on July 29, 1999, and a U.S. destroyer, the O'Brien, was given permission to visit in October, 1999. In addition, a carrier task force and a nuclear submarine were given permission to visit in February 2000. No ship or plane visits have been denied since September 1999, but the Chinese authorities denied permission for several routine training flights by long-range P-3 aircraft without offering any explanation. However, Chinese authorities have not publicly stated that visits will be routinely approved as had been the case previously. It appears as though such visits are now being considered on a "case by case" basis creating a degree of unpredictability that may detract from Hong Kong's image of autonomy and openness.

#### IPR PROTECTION

The continued widespread availability of pirated movie, audio software and trademark goods remains a serious issue. An elite special task force of 185 Customs officers was established this year to deal with this issue. The Task Force is employed to keep pirate retailers off balance, while Custom's Intellectual Property Investigation Bureau (IPIB) is used to take down pirate factories and distribution networks. In the first nine months of the year, IPIB and the Task Force seized 12.3 million pirate discs, 61% of which were VCD or DVD movies. United States industry representatives have emphasized the need to extend the Task Force's mandate past December to make it permanent. At the behest of United States and local industry, the Task Force now has a permanent mandate. Under the direction of the new Customs Commissioner, John Tsang, there has been a marked improvement in IPR enforcement, although local film and music retailers are still losing millions of dollars to pirates. Hong Kong Customs has also pledged early action on outstanding legislation, including amendments to re-categorize piracy as an organized and serious crime and to criminalize the abuse of corporate licenses. Improvements in IPR enforcement led the U.S. Trade Representative to remove Hong Kong from the Special 301 Watch List after an out-of-cycle review in February 1999. The Legislative Council's January 2000 re-classification of piracy under Hong Kong's Organized and Serious Crimes Ordinance (OSCO) will provide additional tools for Custom's effort to dismantle pirate networks.

Another looming issue is the problem of internet piracy in which local distributors of counterfeit discs use U.S. or Hong Kong based web-sites to sell their products to overseas customers. U.S. industry has identified numerous sites, accessible through Hong Kong-based internet service providers that offer downloads of pirate products. Hong Kong has requested U.S. training in internet crime detection and prosecution.

#### MONEY LAUNDERING

To combat money laundering, the U.S. continues to urge the Hong Kong Government to adopt mandatory financial transaction and foreign exchange reporting requirements and to explore options to dis-

courage the illicit use of non-bank remittance centers. The Hong Kong Government has begun the legislative process to bring such centers under regulatory oversight. The U.S. has also urged Hong Kong to establish mandatory minimum-value currency entry and exit reporting requirements and penalties for illicit cross-border currency movements and bank deposits.

#### EXPORT CONTROLS

Hong Kong has one of the finest systems of export controls in the world and the reversion to Chinese sovereignty appears to have had no major impact on the exercise of export controls. U.S. Government agencies report no evidence of Chinese interference in Hong Kong's export control system. Chinese officials have recognized that export control matters fall within the trade, rather than foreign policy area, thereby placing export controls within the Hong Kong Government's exclusive purview. Hong Kong requires both import as well as export licenses, enabling authorities to track controlled commodities as they enter or leave the HKSAR. Hong Kong also refuses to issue re-export licenses for products unless it is sure that the original exporting country would export the product to the ultimate end user.

The Hong Kong Government is exceptionally transparent regarding export controls and cooperates closely with many countries, including the United States, to ensure compliance with multilateral and country specific export control regimes. Hong Kong adheres fully to international control regimes such as the Nuclear Non-proliferation Treaty, the Missile Technology Control Regime, the Nuclear Suppliers Group, the Australia Group and the Wassenaar Agreement. United States Department of Commerce officials continue to conduct regular pre-license and post-shipment inspections as part of dual-use licensing process. United States Department of State and Customs officials also carry out pre-license and post-shipment checks of munitions items under the "Blue Lantern" program. In all such cases, Hong Kong officials are neither informed of such checks nor involved in making them. Hong Kong has not imposed any limitations on pre- or post-shipment verification by U.S. agencies and in some instances U.S. investigators have conducted two and even three post-shipment inspections to ensure that the end user remains in compliance with its license. American and other countries' officials have been directly seconded to work directly on export control issues. In addition, Hong Kong officials regularly receive training in the U.S. and elsewhere.

Hong Kong's record of enforcement of its export control regime is good. Examples in recent years include confiscation of a PRC armored personnel carrier that a PRC supplier attempted to return through Hong Kong after a show in Thailand, and the "Changsha" case involving unlicensed import and export of high speed computers to the PRC and confiscation of approximately U.S. \$800,000 of aluminum percolate in 1996. A House Select Committee report issued in May 1999, (the Cox report) expressed concern about the transshipment of technology through Hong Kong, especially the lack of customs inspection of Chinese People's Liberation Army (PLA) vehicles when they cross the border between Hong Kong and China. A recent visit to Hong Kong by staff members of the House International Relations Committee found that there is no evidence to suggest that the PLA is smuggling controlled items into China. Hong Kong officials have assured the U.S. that they have full authority to stop any truck they believe is carrying contraband, but have had no intelligence to suggest the need to inspect

PLA trucks beyond reviewing the manifest and making a visual inspection. Although no stops have been made, an instructive case involves the shipment of a PLA troop transporter back from a military show in Thailand. Because the PLA did not have the proper licenses, the Hong Kong authorities seized the transporter in accordance with Hong Kong law, and the Hong Kong police are currently using it.

#### MACAU

Like Hong Kong before it, Macau reverted to Chinese sovereignty on December 20, 1999, after 442 years as a Portuguese colony and, like Hong Kong, Macau became a special administrative region of China, under the "One Nation, Two Systems" concept. Macau's Basic Law is also modeled upon the Hong Kong law. The Legislative Assembly consists of 23 members, 16 indirectly elected from territorial and functional constituencies and 7 appointed by the Chief Executive. Unlike Hong Kong, the elected members of the legislature remained in office following the reversion. Moreover, there is no provision in the Macau Basic Law for the eventual direct election of all members of the Assembly. On May 15, 1999, Edmund Ho Hau-wah was elected Chief Executive by a 199 member selection committee. He in turn appointed five policy secretaries in August. Because Macau's civil service was "localized" only very recently by the Portuguese, Macau's bureaucracy is largely inexperienced.

Macau's judiciary is independent. After the handover, Macau's legal system is governed by conventional law derived from the Portuguese legal system and the Basic Law, Macau's mini-constitution. Human rights and legal activists have expressed concern that the shortage of experienced bilingual judges, lawyers and law officers could stymie development of the legal system.

Immediately prior to Macau's reversion to Chinese control, authorities acted to bar entry to, or in some instances deport, members of the Falun Gong spiritual movement. Shortly after the handover, Macau authorities denied permission to enter to Lui Yuk-lin, a member of the April 5 Movement, a Hong Kong protest group. The Government later said the denial was a mistake, the result of mistaken identity and said Ms. Lui was welcome to visit Macau.

China has established a 900 person strong garrison in Macau to "safeguard sovereignty, unity and territorial integrity and the stability and development of Macau," according to Xinhua. Chinese officials have also said that, "when necessary, the Macau Government may ask the Central People's Government to let the troops help maintain social order or conduct rescue work in cases of disaster." However, at the same time the officials have emphasized that the force "would not interfere in the affairs of the territory." Crime, particularly organized crime syndicates (triads) fighting for control of the gambling and vice trade, has been a major problem in Macau. Many Macau residents welcomed the PLA, hoping the garrison would have a positive influence on Macau's serious triad (organized crime) problem. There have been 34 murders in this year alone in the tiny territory whose population is only about 500,000. Both Chief Executive Ho and many Macau residents have welcomed the introduction of Chinese troops in the hope that they will bring the crime problem under control. Macau's economy remains heavily dependent on revenues from gambling and tourism. Yet there is understandable concern that the crime problem has hurt Macau's international image and contributed to the economic slowdown that has plagued Macau since the onset of the Asian regional financial crisis.

While U.S. trade with Macau is relatively small, 40% of Macau's exports go to the U.S. Furthermore, 80% of Macau's total exports consist of textiles, and the transshipment of textiles produced elsewhere through Macau has long been a major concern. The violations of Intellectual property rights is very legitimately a major and continuing concern for the U.S. There has been marked improvement in recent months in the legislative framework for combating piracy of intellectual property, including adoption of a new copyright law. However, although millions of Patacas in fines have been levied, there have been no criminal convictions of intellectual property pirates. Macau was placed on the USTR's Priority Watch List for IPR in April 1998 as a result of widespread piracy, particularly of videos and optical disks. Certainly, corruption plays a role in contributing to the transshipment and piracy problems. Macau's laws on trade also lack effective enforcement mechanisms in the areas of money laundering and export control. The new Chief Executive has pledged to work closely with the U.S. on trying to deal with these issues. The problem of money laundering, through Macau's casinos and banks, particularly by organized crime gangs, but also on behalf on North Korea is a continuing problem.

The nature and extent of North Korean activity in Macao is emerging as a concern. Weekly flights from Pyongyang support significant activity. Press reports suggest that North Korea takes advantage of weak banking laws to launder money and facilitate the sale of ballistic missiles and their components. Recent evidence suggests that Pyongyang also has used Macao to launder counterfeit U.S. \$100 bills. It also has been reported that banks in Macao serve as a repository for the proceeds of North Korea's growing trade in meth-amphetamines and other illegal drugs.

The Hong Kong Policy Act provides a legislative basis to continue to treat Hong Kong as a separate entity from China. However, although a similar Macau Policy Act was introduced in the 106th Congress, it was not enacted into legislation. This has created considerable uncertainty as to how Macau is to be treated in regard to such matters as export controls and the sale of certain items such as riot control equipment that are prohibited from shipment to China. It has also terminated availability of U.S. trade promotion programs including those of the Trade and Development Agency (TDA) and the Overseas Private Investment Corporation (OPIC) in Macau. This uncertainty in turn has created serious concerns in Macau about U.S. interest for the territory.

#### CONCLUSION

The picture of Hong Kong two and a half years after reversion to Chinese sovereignty is largely positive. It remains a bastion of free-market capitalism, as shown by its ranking as the world's freest economy in the recent Heritage/Wall Street journal report. After two difficult years economically, Hong Kong seems well on the road to economic recovery. It continues to formulate an independent economic policy and maintain its own membership in international economic organizations. People's Republic of China companies are subject to the same laws and prudential supervision as all other companies. Hong Kong's excellent system of export controls remains intact, although continued vigilance to potential violations or loopholes is required. Trade related issues, particularly Intellectual Property Rights piracy and money laundering, also require continued close attention.

Hong Kong's political system continues to evolve. The Hong Kong media remains free and continues to comment critically on the

PRC, although concerns about self-censorship and the proposal for a "privacy council" watchdog over the press bear continued scrutiny. Demonstrations continue to be held. There is vigorous public debate on the issues of democracy and the law. The legislature and free press have used their roles to increase government accountability and transparency.

However, the controversy over the "right of abode" case has cast a pall over the issue of Hong Kong's future judicial autonomy and the rule of law. This is a fundamental issue that business and the international community will be watching closely. If the Standing Committee of the National People's Congress continues to intervene in decisions primarily affecting Hong Kong, confidence in Hong Kong's future could be seriously undermined. Willingness by the Hong Kong Government to speed up the pace of democratization of elections for Chief Executive, Legco, and local government could help ease some of the fears that the "right of abode" case has raised.

### OSCAR ZEPEDA WINS NATIONAL ASSOCIATION FOR BILINGUAL EDUCATION AWARD

#### HON. ED PASTOR

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 8, 2000*

Mr. PASTOR. Mr. Speaker, I rise before you today to proudly pay tribute to a fellow Arizonan—a little boy who lives in the Second Congressional District and who has proclaimed to the world his pride in being an American, an Arizonan, a Latino, and bilingual.

Oscar Zepeda, from Tucson, has recently won the 2000 Nationwide Writing Contest for Bilingual Students in the sixth to eighth grade category sponsored by the National Association for Bilingual Education. This is a tremendous accomplishment as he competed against thousands of young boys and girls who live in all parts of the United States, who are bilingual in various languages, and who have recognized the importance of being bilingual in the 21st Century.

Oscar will receive his award at the National Association for Bilingual Education's 29th Annual Conference to be held in San Antonio later this month. This is indeed a prestigious award in an acclaimed contest as the winner receives a \$5,000 scholarship, roundtrip airfare and accommodation for himself, a member of his family, and his bilingual teacher, and free registration to the Conference.

As all of us serving in Congress know, we sometimes have great and illustrious debates on the values and merits of bilingual education in our school systems. We all know that English is the language of economic opportunity within the United States, but sometimes we ignore the value of knowing and speaking another language. But, I wish all my colleagues would read Oscar's essay. Oscar is proud to be bilingual and he uses the simple arguments best expressed by a child to explain why we should cherish our differences and look to diversity as one of the strengths of our country.

Oscar enjoys living in a bilingual world, and in fact, he would have it no other way. He can learn from and cherish his Latino side by celebrating the courage of Cesar Chavez and watching Tlemundo and Univision while also

appreciating and developing his "American side," as he puts it, by celebrating the accomplishments of Bill Clinton and watching MTV.

Oscar closes his essay by asking the simple, but poignant question, "So why won't we just work together and make this an easier world for all of us?" Mr. Speaker, I agree. Oscar and classmates have ignored the politics of bilingualism and just keep living their lives with the grace and courage and enthusiasm that is unique to children who are sometimes caught unknowingly in adult arguments. We should all feel proud for Oscar that he made a complex issue very simple.

I hope all my colleagues will read Oscar's essay which I am submitting for the RECORD. Oscar, we are all proud of you and your accomplishments. But mainly, we are humbled by your words. And maybe, we can live up to your dream—that we "just work together" to make the world an easier place for us all.

#### PROUD TO BE BILINGUAL

Proud to be bilingual is not a question, it's an answer that you and I would give when asked why we're proud to be bilingual. Being bilingual is a gift that GOD gave me, to use and show other people what I can do with it. Sometimes I sit and think if I weren't bilingual I wouldn't have a lot of the things I have now. Some of them may be friends, a better education and opportunities for better jobs in the future.

I was talking to a staff member of a school the other day that was speaking English very well. She started saying, "I hate it when students come in here and don't know how to speak English". "I'm against bilingual education." "They should learn Spanish at home and English in school." Meanwhile I was just looking around and ignoring her. Then I laughed as she spoke in Spanish. It was the worst Spanish I had ever heard, and she was saying that her mother had taught her; what an insult to her mother. I can't understand why a Mexican would deny her own native language; it was just incredible to me.

Let's come down to the facts of what being proud means. Being proud means having something different and positive from one another, therefore, this thing that's good should make everybody proud of themselves. It doesn't matter if you speak Chinese and Japanese, French and German, or Spanish and English you're still bilingual and unique. Being different means good. If we would all be the same, it would be a dull world.

I'm a Chicano (Mexican-American) and being proud of it means being involved in everything that goes with it, from supporting Cesar Chavez' N.F.W.A. (National Farm Workers Association) to watching "Telemundo and Univision" to speaking and practicing Spanish. I also have to be in touch with my American side in order to be "cool", anything from Bill Clinton to "MTV and NBC" to of course speaking English. So why won't we just work together and make this an easier world for all of us.

### RECOGNIZING THE 90TH ANNIVERSARY OF THE BOY SCOUTS OF AMERICA

#### HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 8, 2000*

Mr. HOLT. Mr. Speaker, I rise today in recognition of the 90th Anniversary of the Boy Scouts of America. This organization was