

*President Clinton*

# Poland: Taking its Place in The Community of Democracies

July 10, 1997

*Remarks to the citizens of Warsaw, Warsaw, Poland.*

Thank you. Mr. President, Mr. Mayor, Major Kuklelka, Lieutenant Blazeusz, to the people of Warsaw and the people of Poland: I am proud to speak to you and to welcome you, along with the people of Hungary and the Czech Republic, as the next members of NATO and the next allies of the United States of America.

If my interpreter will forgive me, I want to depart from the text to say that our American delegation is proud to be here. But there are two here for whom this day has special meaning, and I would like to ask them to stand. The first is our Secretary of State, who was born in the Czech Republic and driven out by the troubles that so grieved the Poles in the last 50 years—Madeleine Albright. The second is one of the most distinguished Members of the United States Congress; both of her grandfathers were Polish immigrants—Sen. Barbara Mikulski from Maryland.

We gather to celebrate this moment of promises kept and of promise redeemed. Here, in the twilight of the 20th century, we set our sights on a new century—a century in which finally we fulfill Poland's destiny as a free nation at the heart of a free Europe, a new Europe undivided, democratic, and at peace.

Three years ago this week, I came to this great city and made this pledge: Nothing about you without you—*Nic o was bez was*. Now, Poland is joining NATO. Poland is taking its place in the community of democracies. Never again will your fate be decided by others. Never again will the birthright of freedom be denied you. Poland is coming home.

Freedom burned brightly in Poland 200 years ago. Then you gave Europe its first written constitution and the world's second written constitution after America's own. That solemn pact gave strength and hope to your ancestors, even as Poland fell victim again and again to tyranny. But this week, its words and those who revered them speak to us across the

centuries. "We do solemnly establish this constitution, willing to profit by the present circumstances of Europe and by the favorable moment which has restored us to ourselves." People of Poland, this favorable moment has restored you to yourselves.

It is a moment that you have made. Just as freedom was born here 200 years ago, it was reborn here eight years ago when you changed the course of history. And now, together, we have restored Poland to Europe and to the destiny you deserve. From this day forward, what Poland builds in peace Poland will keep in security.

To the citizens of my own country I say: This land where I speak has known the worst wars of the 20th century. By expanding NATO, we will help to prevent another war involving Poland, another war in Europe, another war that also claims the lives of Americans.

We come to this moment grateful for its blessings but conscious of the grave responsibility it carries. Through the power of its example and the example of its power, our NATO alliance has kept Western Europe, Canada, and the United States secure for nearly half a century. Not once has a NATO member been attacked. Not once has NATO ever lashed out in aggression.

Now we must adapt our alliance to a new time. Our common enemy of communist oppression has vanished, but common dangers have not. Too many people still fear change because they have not yet felt its benefits. They remain vulnerable to the poisoned appeal of extreme nationalism; to ethnic, racial, and religious hatreds. Rogue states seek to undermine the community of democracies. Terrorists, international criminals, drug traffickers show no regard for borders. These are our common dangers, and we must defeat them together.

NATO is doing its part—taking in new members, taking on new missions, working with new partners. Like Poland, we have

reached out to Ukraine to help forge stability in Europe, and we are working with a new Russia as our partner in building a Europe in which every nation is free and every free nation joins in securing peace and stability for all.

Now, as your President has said, you must continue to do your part. Poland, Hungary, and the Czech Republic will now become full members of our alliance, with the full responsibilities of membership: the responsibility to nurture and strengthen and defend your democracies, because, as we in America know after more than 200 years, the struggle for democracy is never over—it must be fought every day; the responsibility to continue the remarkable transformation of your economies, because, having known poverty, you know the true value of the prosperity you have only begun to achieve; the responsibility to reach out to all your neighbors, to the East as well as the West, including the people of Russia—you must continue to build in tolerance what others destroyed in hate; the responsibility to meet NATO's high military standards and to help to bear its cost, because true security requires strength and readiness—we know you are ready to share the burdens of defending freedom, because you know the price of losing freedom.

Other nations are counting on you to show the contributions new members can make. You did not walk through NATO's door to see it shut behind you. That door will stay open. Eight years ago you led the way to freedom.

Now, we ask you to be pathfinders again. People of Warsaw, people of Poland, the American people know from the hard lessons of this century that your fate and our future are joined. After World War I, America turned away from the world, and freedom's flickering torch was engulfed by Europe's darkened night. After World War II, we and our allies continued to hold liberty's beacon high, but it could only light half the continent.

Now, we come here to celebrate history's most precious gift—a second chance: a second chance to redeem the sacrifice of those who fought for our liberty from the beaches of Normandy to the streets of Warsaw; a second chance finally to unite Europe not by the force of arms but by the power of peace.

One week ago was the 4th of July, America's Independence Day. More than 200 years ago, you sent your sons to help secure our future. America has never forgotten. Now, together, we will work to secure the future of an undivided Europe for your freedom and ours.

That is the promise that brings us together today. That is the promise that will keep us together in a new Europe for a new century. That is our promise to all the young people here today and to generations yet to come: security, for 100 years—*Sto lat*; democracy for 100 years; freedom for 100 years.

God bless America, and God bless Poland. Thank you. ■

*Secretary Albright*

# A Moment of Celebration And of Dedication

July 14, 1997

*Address to the people of Prague, Prague,  
Czech Republic, July 14, 1997.*

President Havel, Prime Minister Klaus, Mayor Koukal, Senators and Parliamentarians, Excellencies, distinguished guests: Thank you so much for your warm and unforgettable welcome. Let me begin by expressing my sadness at the devastation that has been caused by the flooding over the last week. Our thoughts and prayers today are with those who have lost their loved ones and their homes. I know that there are many mayors here from regions affected by the flood. The solidarity and dedication that you and the Czech people have shown in this tragedy is inspiring.

This week, as I traveled from Madrid to central Europe, I could not help but think about the three journeys that have framed my life and my life's work:

I have been thinking about the memories and the meaning of my own family's journey through the war and the turbulence of post-war Europe to the freedom and security of the United States. I have been thinking as well about Europe's journey from total war to absolute division to the promise of enduring unity and peace. And of course, I have been thinking about the journey of the Czech nation from the day in 1918 when its independence was proclaimed on this very spot to the day in 1948 when its liberty was extinguished, to this day, when you take your rightful place in the family of European democracies—fully, finally, and forever. T.S. Eliot wrote:

We shall not cease from exploration  
And the end of all our exploring  
Will be to arrive where we started  
And know the place for the first time.

Today, you know me in a new way, in my new role. And I see you in a new way as well—not only as the friend of the United States but also as our next ally. Truth does conquer, after all, President Havel. Truth and love conquer, after all.

I have been here many times since the Velvet Revolution. And I am filled with pride every time I hear the playing of my country's

national anthem, "The Star Spangled Banner," and yours, "Where is My Home." But nothing compares to the feeling of coming to my original home, Prague, as the Secretary of State of the United States for the purpose of saying to you: Welcome home. For with the news from Madrid this week, you are coming home, in fact, to the community of freedom that you never left in spirit.

From Munich to Madrid, from tragedy to triumph, it has been a long and painful journey. But you have arrived at your destination. You have arrived at a moment of injustice undone, of promises kept, of a unified Europe begun. Now a new journey begins, and, at last, we can travel it together.

We stand at one of those great turning points in history. For the third time in this century, the politics of Europe are changing fundamentally. And this time, we pray, for good.

Almost 80 years ago, our parents and grandparents were full of the hope that Woodrow Wilson's dream of universal democracy inspired across the lands of central and eastern Europe. That dream was shattered by the illusion that the people of Paris and London and New York could simply go on with their lives while the people of Vilnius and Krakow and Prague were robbed of their independence, sent away in box cars, and machine-gunned in forests.

After World War II, it was Stalin's armies that shattered our dream. And for the next 50 years, one-half of Europe was consigned to subjugation; the other half to fear. We were separated by concrete and barbed wire, by radio jammers and minefields, by lies that might seem ridiculous today had they not ruined so many lives.

The amazing thing is that all those years of propaganda, terror, and isolation utterly failed to flatten Europe's moral landscape. The communist authorities kept from you the truth, and still you spoke the truth. They fed you a vacuous culture, and still you gave us works of art that fill our lives with intelligence, humor,

and warmth. They tried to smother your allegiances, your faith, and your initiative, and still you taught the world the meaning of solidarity and civil society. They banished your finest leaders, and still you gave us Vaclav Havel. This is what we must remember as the Czech Republic, Hungary, and Poland join NATO. As President Clinton has said, we are not just new allies. In the ways that truly matter, we are old allies. We are and always have been part of the same community.

NATO membership will bring many benefits to the Czech Republic and to others who join today and in the future—as will our broader strategy of integration. Above all, it means you will always be able to rely on us, and we will always be able to rely on you. If there is a threat to the peace and security of this country, we will be bound by a solemn commitment to defeat it together. For this reason, we can be confident that such a threat is far less likely to arise. It means security in Europe will not stop at its Cold War dividing lines. It means Europe's new democracies will not be consigned

to a buffer zone of excluded states. It means you will be the authors of your history, the masters of your destiny, the vassals and victims of no one.

But, my friends, this is more than a moment of celebration. For NATO's old and new allies alike, it is also a moment of challenge. Our most immediate challenge is to ensure together that the people and parliaments of NATO's 16 member nations embrace the enlargement of our alliance. In America, the debate will be vigorous. Because we take our commitments seriously, we do not extend them lightly.

I believe that our Senate will approve this initiative, but the burden of proof will still rest with those of us who believe that NATO enlargement serves American interests. The Senators will ask us many appropriate questions about risks and costs. They will remind you, as do I, that along with a first-class ticket to NATO comes the obligation to make a first-class contribution.

Regrettably, you will also hear echoes of Munich in this debate. Already, people have trotted out the tired myth that in times of crisis we will make no sacrifice to defend a distant city with an unpronounceable name; that we will protect the freedom of Barcelona but not Brno, Stuttgart but not Szczecin.

I challenge those critics: Come meet your future allies; speak with their people. Their names may sound unfamiliar, but they speak the same language of freedom. Visit the veterans in this region who fought for the Allied cause in World War II. Talk to the veterans of the dissident movements. They have spent a lifetime sacrificing for the ideals we have in common. Look them in the eye. Ask them why we should be allied with Europe's old democracies forever but its new democracies never.

You might listen to President Havel, as well. "If we appeal to the West not to close itself off to us," he has said,

this is not only because we are concerned about our own security and stability. We are concerned about the destiny of the values and principles that communism denied, and in whose name we resisted communism and ultimately brought it down.

Defending values, righting history's wrongs—these are idealistic arguments. Oddly, some are troubled by that. They want NATO to retain its military muscle, but they are suspicious of enlargement because it also appeals to our hearts. Others, who champion freedom in central Europe and Russia, are suspicious of enlargement precisely because NATO is an organization with tanks and bombers. But there is no contradiction here between realism and idealism, between pragmatism and principle, between security and justice.

Those of us who knew Prague before the Cold War know that freedom without security is a frail reed. And those in America who most ardently prosecuted the Cold War should be the first to admit that it was not merely a military enterprise, but an idealistic one as well.

You know that NATO enlargement fulfills a moral and strategic challenge. By turning a Europe of shared values into a Europe of shared responsibilities, you know we can do both.

Because we are old friends, let me speak plainly. NATO is welcoming new members because we know you are ready to make an even deeper commitment to the common endeavors of our alliance of democracies—from the pursuit of peace in troubled regions to the fight against terror and crime, to our support for those who still struggle for the freedom you enjoy.

For example, the SFOR mission in Bosnia will come to an end in one year. But the United States has made a long-term commitment to support peace in that country and, given what you have already done in Bosnia, I trust you will, too. I trust you will also be leaders in the effort to keep deadly weapons from dangerous rogue states, even if it means losing a sale from time to time. And I trust you will pay the costs

*U.S. Department of State Dispatch • July 1997*

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and do what is necessary to assure the full integration of the Czech armed forces into NATO.

It is your willingness to assume great responsibilities that has brought you to this point. You are about to join NATO. You are already a member of the OECD. No doubt, you will join the EU as well. Our memory of the last 50 years makes it hard to believe, but, as you enter these institutions, you will stand among the most prosperous and powerful nations in the world. You are no longer on the outside looking in; you are on the inside looking forward.

For 50 years, you looked to the free world for support, understanding, and recognition. Now you are the free world; other nations will look to you for support.

Part of our new responsibility to others is to ensure that the door to NATO remains open to all European democracies that are willing and able to meet the obligations of membership. That is the policy NATO adopted in Madrid. We count on you to support that policy in word and deed. It is also a personal commitment President Clinton has made to all the nations that lie between the Baltic and Black Seas. And it is our message today to the people of Slovakia. For it is our sincere hope that their nation will rejoin the path of true democratic reform and make itself a strong candidate for the second round of NATO enlargement.

To all the nations that still aspire to join NATO, I say: Consider why we have invited the Czech Republic. It is not because the Czechs are somehow more "European" than the Orthodox and Muslim peoples to the south and east—we have no patience for that kind of thinking. It is not because Prague is west of Vienna. It is not just because of your pre-war democratic tradition. Rather, the Czech Republic's invitation to NATO was inscribed by its deeds over the past seven years. Others will soon be ready to follow your lead, and you must join us in helping them.

You know that the effort to join NATO is not a race to escape a bad neighborhood. It is an effort to improve the neighborhood for the benefit of all. This is why I appreciate the Czech Republic's support for the NATO-Russia Founding Act and your recognition that a democratic Russia must be part of a Europe whole and free. As President Havel has said, "in this era, we—as nations—cannot divide ourselves according to who were the victors and who the vanquished in the past."

After my trip to Europe this week, I am more confident than ever that together we can meet his challenge and more. In Madrid, I saw NATO's strength as its leaders made a decision that was difficult but right. With President Clinton in Warsaw, I saw that our new allies

are not just ready but eager to add their energy to ours. In Bucharest, I watched the President address 100,000 people at University Square—and even though their country will not be among the first group of new allies, they showed us that they support NATO's enlargement and that they will do what it takes to be part of a new Europe. I heard the same message in Ljubljana and in Vilnius. And in St. Petersburg, I saw a Russia that is moving ahead with reform and moving closer to the rest of Europe.

Today, I can foresee a Europe where every nation is free and every free nation is our partner. Not long ago, that was a future we might have imagined but in the darkest moments perhaps thought would never come. And that brings me back to the earlier part of my remarks—and of my life.

Fifty years ago, Jan Masaryk was told by Stalin in Moscow that Czechoslovakia must not participate in the Marshall Plan despite its national interest in doing so. Upon his return to Prague, Masaryk told my father, his *chef de cabinet*, that it was then he understood that he was employed by a government no longer sovereign in its own land.

Soon after, the communists took over in Prague. That coup drove my parents and me from this country for the second time. And more than any other single event, that coup awakened America and western Europe to the need for an Atlantic alliance. Thus, the event that cast my family out of Prague and you into darkness also helped create the alliance that has brought me back again and put you in the center of a new Europe.

Today, there is no Stalin to give orders to you or to anyone. The opportunity to be part of the international system is open to all. The goal of integration is not bound by strategic realities or confined by cultural arrogance to western Europe, to central Europe, or even to Europe.

Today, the west has no fixed eastern frontiers. Every democratic nation that seeks to participate in the global system we are constructing and that is willing to do all it can to help itself will have America's help in finding the right path. Now they will have your help and your example as well.

People of Prague, people of the Czech Republic: Half a century ago, our journeys diverged; but this week's events have brought our paths together again. Now thanks to the vision of my President, Bill Clinton, and the courage of your people, we are reunited in a common cause. Soon we will be joined in a common alliance. And we will never be parted again.

You were the passion of my parents. You are the land of my birth. And now you and I, my nation and yours, will build and defend a new Europe together. God bless you. ■

*Secretary Albright*

# ASEAN: Meeting Regional Challenges, Building Global Community

July 28, 1997

*Address at the ASEAN Post-Ministerial Conference  
Nine-Plus-Ten Session, Kuala Lumpur, Malaysia.*

I am very pleased to represent the United States at this year's ASEAN Post-Ministerial Conference. I welcome this opportunity to discuss economic and global issues with a group that includes not only the members of ASEAN, but our most important partners from Europe, North America, East Asia, and South Asia, for the challenges we face can only be met together.

The United States is determined to deepen its cooperation with our partners in this region and beyond. This commitment is solid because it is solidly based on American interests.

- We have an abiding security interest in a region where we have fought three wars in the last half-century, and where almost any significant outbreak of international violence would threaten our well-being and that of our friends;
- We have an abiding economic interest in a region that is experiencing phenomenal growth;
- We have an abiding strategic interest in a region whose cooperation we need in responding to threats of proliferation, terrorism, narcotics, and damage to the environment; and
- We have an abiding political interest in supporting democracy and respect for human rights and the rule of law, because stability and prosperity ultimately depend on it.

The list of issues on our agenda today reflects the breadth of the interests we share with the nations and peoples of this region. It also reminds us just how far ASEAN has come since the days when it was primarily a forum for economic cooperation.

In this 30th anniversary year of ASEAN's birth, we have much to celebrate. When ASEAN was created, virtually every nation in this region was engulfed or threatened by violence. For many nations, the question of the hour was "How can we survive?" not "How can we thrive?"

ASEAN helped to change all that. It established the patterns of consultation that have transformed this region. It helped to fuel a quarter-century of economic growth that has exceeded the wildest expectations of its founders.

ASEAN includes nations of vastly different size and strength, yet it has forged a model of cooperation among equals. It stands at the confluence of many cultures and religions, yet it offers a troubled world a model of harmony and stability.

Today, the nations of this region are taking ASEAN to a new level. In doing so, they confront two fundamental challenges that are shared by virtually every similar grouping.

The first is the challenge of looking outward to a world that welcomes and increasingly needs positive and dynamic leadership from this region on the great questions of our time.

ASEAN already has an impressive record to build upon, including its role in the Paris Peace Accords, in moderating tensions in South China Sea, in the formation of APEC and the ARF, and in the effort to liberalize global trade. From Indonesia's support for population programs in Asia to Malaysia's contributions to the cause of peace in Bosnia, ASEAN's member nations are doing their part as well.

The primary aim of America's engagement with ASEAN is to encourage this development. We view ASEAN as an important contributor not only to regional security and prosperity, but to the global effort to bring nations closer together around basic principles of political freedom, open markets, law, and shared commitment to peace.

The second challenge ASEAN faces is that of looking within, to manage its expansion in a way that preserves its cohesion.

The United States shares the goal of an integrated Southeast Asia and ultimately of ASEAN at 10. In fact, we believe that the growth of institutions and arrangements that

link less developed nations to their more developed neighbors is one of the most hopeful trends of our time. This is what the United States and our European partners are doing by welcoming strong, new democracies into NATO and the EU, and what we are doing in our hemisphere by building a Free Trade Area of the Americas.

But in a world that is still marked by tremendous disparities, integration also carries challenges. In this region, it includes nations seared by political crisis, held back by poverty, and burdened by problems such as drug trafficking, refugee migration, epidemic disease, and pollution. These are problems that could come home to all our nations if we do not address them together and now.

In this region, as in every other, integration is not an end in itself and it requires far more than bringing new nations into old organizations. The point of international cooperation is to raise standards. We must be bullish on our ability to improve on the past and not slow our push to open our economies and to build new partnerships. But we must also address the concerns our citizens have—creating good jobs, preventing crime, protecting the environment, and promoting human rights and human dignity.

### **Looking Outward and Forward To An Open Global Economy**

It is not necessary to remind this audience how close the economic links between the United States and ASEAN are. American investment in this region now exceeds \$35 billion, and it grew by over 200% between 1990 and 1996. Collectively, ASEAN is the United States' fourth-largest trading partner, and our exports to ASEAN support 700,000 U.S. jobs. On my way to Kuala Lumpur, I stopped in California—America's biggest exporting state. A full 25% of the products leaving California are destined for Southeast Asian ports.

Our host, Malaysia, is by itself the world's 12th-largest exporter. Today, Malaysia looks to the future with innovative plans for a multimedia super corridor that can vault it into the vanguard of the information age.

The United States has been watching developments in Southeast Asian financial markets very closely. Our Treasury Department is in close contact with the IMF.

It is important that we distinguish among the countries in the region, as fundamentals differ significantly. Appropriate market-oriented responses by a number of countries have also helped to dampen currency volatility.

This response reinforces the ASEAN consensus that sound economic policies and open markets are the best path to long-term development. The initiatives we are discussing here, including the effort to liberalize trade in financial services, have a critical part to play in ensuring continued growth and prosperity in the region.

We are reminded again that none of us can rest on our laurels. We cannot assume that success in the future will flow easily and naturally from our success in the past.

The world will look to ASEAN to continue making the right choices, together with its many partners; for the members of ASEAN have become a powerful force in steering the global economy. They will have a crucial role in determining whether future generations will witness the translation of regional initiatives into global benefits, or the slide of regional exclusivity into universal stagnation.

On their own and through APEC, ASEAN countries made crucial contributions over the last year to World Trade Organization negotiations to liberalize trade in information technology and telecommunications. They helped to shape a critical mass of newly industrialized economies willing to make bold liberalizing offers. By doing so, ASEAN members showed they are ready and able to assume greater responsibility for the open trading system that has enabled them to prosper and grow.

This year, the ASEAN countries have the chance to play the same positive role in WTO negotiations to liberalize financial services. No country can have a world-class, high-tech economy without a world-class, properly regulated financial services sector to allocate capital efficiently. Significantly improved offers from all ASEAN states will help generate the momentum needed to reach a global agreement by the December 12 deadline. ASEAN input is also vital to the alliances we must build with business to promote meaningful service sector reform.

ASEAN countries are also a dynamic force within APEC. An ASEAN state has hosted APEC's leaders' meetings every other year and achieved impressive results—under Indonesia's direction, the historic agreement to achieve free trade and investment in the region by 2010/2020; during the Philippines' tenure, the adoption of 18 action plans for reaching that

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goal. Next year, Malaysia will lead APEC at a pivotal point in our drive for liberalization across the Pacific Basin.

Our immediate challenge is to sustain APEC's momentum in Vancouver this November. We should advance four goals: gaining the support of all APEC members for a global financial services agreement; improving our Individual Action Plans for meaningful progress toward open trade; making voluntary offers to liberalize quickly in key sectors; and finally, pushing for concrete, focused outcomes that offer immediate benefits to our businesses and workers.

ASEAN's own path-breaking plans to cut tariffs among its members through the development of an ASEAN Free Trade Area are important as well. The United States applauds them and looks forward to further progress toward opening the fast-growing trade in services. ASEAN countries have also been leaders in APEC's effort to liberalize trade in telecommunications equipment—and can do more. ASEAN's plans to harmonize customs procedures, to accelerate the implementation of GATT's methods of valuing trade, and to work toward lowering non-tariff barriers will also stimulate trade and create jobs in this region and beyond.

ASEAN countries have played an important role over the past year in advancing the protection of intellectual property rights. The Philippines, Thailand, Malaysia, and Vietnam have strengthened their IPR legislation and enforcement or beefed up international cooperation to combat IPR violation. We now face the challenge of ensuring these new provisions are carried out fully.

Civil aviation is another arena that will benefit from liberalization. We have seen Open Skies agreements as much as double travel between nations. In the past four months, the United States has concluded Open Skies agreements with Singapore, New Zealand, Brunei, and Malaysia. I hope these pioneering efforts will prepare the way for a broader Open Skies regime in Asia and around the world.

Of course, it takes more than trade agreements to build a stable and open global economy. All the nations represented here have seen that transparent and strong legal systems are critical to sustain the confidence of investors, producers, and workers.

The consensus for open markets is fragile. To strengthen it, we must do more to lift the stifling hand of corruption from our economies. Last year, Secretary Christopher urged that the fight against illicit payments be a priority for the nations of ASEAN and the world. Since then, the United States has worked through the

UN, the OECD, and the WTO to combat and criminalize corruption. Let us continue to work together bilaterally and through APEC to raise standards and encourage transparency.

Among our people, the consensus for free trade also rests on an expectation that core labor standards will be met. It is in our interest to see workers everywhere enjoy the benefits of those rights—such as freedom of association and freedom from child and forced labor—that we have all accepted. More and more corporations, too, are finding that codes of conduct make for good business and good citizenship. I hope ASEAN governments will accelerate this trend by encouraging their companies to sign the Model Business Principles that the United States introduced last year at the International Labor Organization.

### **Meeting Transnational Threats**

I am very pleased that ASEAN has added a discussion of transnational issues to its agenda. Problems such as drug trafficking and deforestation threaten us all as much as protectionism and recession do. They represent a particular challenge in Southeast Asia, where integration among nations has proceeded even faster than change within nations.

Nothing has done more to harm the health of our people and their faith in government and law than the epidemic of drug addiction. The American people have suffered tremendously from this plague. I know that the people of Southeast Asia have as well. I know that the spread of cheap heroin and the recent influx of methamphetamines have spared no nation in ASEAN. We have to attack this problem at all levels—production, transportation, and consumption.

The primary source of these drugs is Burma, which is itself experiencing an alarming rise in drug abuse and AIDS infection. Narcotics production has grown in Burma year after year, defying every international effort to solve the problem. As a result, drug traffickers who once spent their days leading mule trains down jungle tracks are now leading lights in Burma's new market economy and leading figures in its new political order.

We are increasingly concerned that Burma's drug traffickers, with official encouragement, are laundering their profits through Burmese banks and companies—some of which are joint ventures with foreign businesses. Drug money has become so pervasive in Burma that it taints legitimate investment and threatens the region as a whole. This is a challenge we must face together—and another reminder that it will be hard to do normal business in Burma until a climate of law is restored to that country.

Indeed, it is hard to imagine a lasting solution to this region's narcotics problem without a lasting solution to Burma's political crisis. This is one reason why President Clinton has barred future U.S. investment in the country.

Other nations in this region are showing what can be done when governments and citizens work together to fight the drug trade. Thailand's program of crop eradication and interdiction has dramatically cut heroin production and increased the number of traffickers brought to justice at home and abroad.

And in Laos, a U.S.-supported alternative crop project in one province has reduced opium cultivation to non-commercial levels. We plan to sponsor more such programs in Laos and elsewhere. We urge others to contribute by strengthening legal frameworks, criminalizing money laundering, and sponsoring efforts to deny traffickers freedom of operation.

With economies whose growth often outpaces government efforts at regulation, ASEAN nations are vulnerable to criminals looking for a place to operate or a place to hide. Because international criminals respect no law or border, it is in every nation's interest to fight them together.

We must also strike hard together against terrorism. We are making progress: The number of attacks worldwide in 1996 hit a 25-year low. But far too many lives are still being lost. And terrorism still fosters destruction and division that undermine what we seek to achieve through our diplomatic and economic cooperation. I trust the members of ASEAN will continue to stand with us in this fight by ratifying the 11 existing anti-terrorism agreements and turning the full weight of their authority against all terrorist activity.

Environmental threats such as deforestation, coral reef degradation, and global climate change could also undermine ASEAN's future. They could even alter the contours of our maps in the none-too-distant future.

The difference between action and inaction may be the difference between sustainable agriculture and failing agriculture; between stable societies and societies in conflict over dwindling resources; between nations in which the quality of life is improving and nations in which fewer and fewer people can look to the future with hope.

The United States is committed to making environmental cooperation a central part of our cooperation with ASEAN states. That is why we have opened a regional environmental hub in our embassy in Bangkok, and why we are working on projects from controlling emissions in the Philippines to building wind generators in Indonesia.

As you know, we are staunch proponents of the UN-sponsored negotiations to slow the process of global climate change. There is no question that the world's wealthiest economies have contributed the lion's share of the greenhouse gases that threaten us right now. We have a moral and political responsibility to act—and act fast. That is why last month, in his speech to the UN General Assembly Special Session, President Clinton undertook to “bring to the Kyoto conference a strong American commitment to realistic and binding limits that will significantly reduce our emissions.”

That is why we are also leading the way in negotiations to apply innovative strategies to cut greenhouse gas levels, such as selling or trading emission rights, supporting new technologies, and rewarding countries that provide assistance to others.

But the same science that tells us that today the United States is responsible for 22% of the world's carbon emissions also tells us that in the next 30 years, developing world emissions will surpass those of the developed world. The rapidly industrializing countries of Asia, with their increasing need for electrical power, will be major contributors.

We are all wiser than we were a generation or two ago. If we each take our turn to pollute the world, we will each pay a terrible price. Just as you cannot erase a budget deficit by cutting spending in one area and piling up loans somewhere else, we will not be able to sustain safe levels of greenhouse gases without action by developed and developing countries alike.

For the balance of this century, no decision we make will have a greater impact on the future of the global economy, not to mention the global environment, than the one we will make in Kyoto. We have to do it right. We have to do it cooperatively. We all have to do it.

And here ASEAN has another shining opportunity for leadership, because you have the know-how, the proven skills at innovation and adaptation, that will help us find the technologies we all need for greener development. I urge you to take up the challenge and to work with the United States and others to craft a global consensus that will safeguard the nature preserves of Borneo, the islands of the Mergui Archipelago, and the livelihoods of our children and grandchildren.

I congratulate ASEAN for all it has achieved in strengthening regional cooperation in these areas and in reaching out to others beyond this region who share the same interests and the same fundamental goals. I pledge to you my best efforts, and those of the United States, to ensure we keep moving forward together. ■

*Deputy Secretary Talbott*

# A Farewell to Flashman: American Policy in the Caucasus and Central Asia

July 21, 1997

*Address at the Johns Hopkins School of Advanced International Studies, Baltimore, Maryland.*

Thank you very much, Fred [Starr], and thanks to you, too, Paul [Wolfowitz]. I've followed the institute's work since it opened up shop 10 months ago. In that short time, it has become a major source of scholarship and public education. You have already made an important contribution to the American national interest in the Caucasus and Central Asia.

That region is opening up and reaching out to us and to the other established democracies. Let me illustrate that point with an image from a scene I witnessed almost exactly two weeks ago. It was in Madrid, at a meeting of the 44 countries that make up the new Euro-Atlantic Partnership Council. President Clinton found himself seated between the Prime Minister of the United Kingdom and the Foreign Minister of Uzbekistan, and directly across from the Foreign Minister of Armenia and the President of Azerbaijan. The protocol may have been an accident of the alphabet, but it was symbolically appropriate, nonetheless.

The Euro-Atlantic community is evolving and expanding. It stretches to the west side of the Atlantic and to the east side of the Urals. The emergence of such a community represents a profound break with the past for all the people involved, but for none more than those of the Caucasus and Central Asia, who have, for so much of their history, been subjected to foreign domination.

Today, they have the chance to put behind them forever the experience of being pawns on a chess board as big powers vie for wealth and influence at their expense. For them, genuine independence, prosperity, and security are mutually reinforcing goals.

The United States has a stake in their success. If reform in the nations of the Caucasus and Central Asia continues and ultimately succeeds, it will encourage similar progress in

the other New Independent States of the former Soviet Union, including in Russia and Ukraine. It will contribute to stability in a strategically vital region that borders China, Turkey, Iran, and Afghanistan and that has growing economic and social ties with Pakistan and India. The consolidation of free societies, at peace with themselves and with each other, stretching from the Black Sea to the Pamir mountains, will open up a valuable trade and transport corridor along the old Silk Road between Europe with Asia.

The ominous converse is also true. If economic and political reform in the countries of the Caucasus and Central Asia does not succeed—if internal and cross-border conflicts simmer and flare—the region could become a breeding ground of terrorism, a hotbed of religious and political extremism, and a battleground for outright war.

It would matter profoundly to the United States if that were to happen in an area that sits on as much as 200 billion barrels of oil. That is yet another reason why conflict resolution must be job one for U.S. policy in the region: It is both the prerequisite for and an accompaniment to energy development.

Let me review very briefly what has happened in the 5<sup>1</sup>/<sub>2</sub> years since the hammer-and-sickle flag was lowered for the last time over the Kremlin—and over government buildings throughout the former U.S.S.R. Thanks to the prompt and farsighted response of the Bush Administration, we were the first country to open embassies in every capital. We airlifted essential humanitarian assistance to these countries in their first winters of independence.

By the way, it was at Paul Wolfowitz's insistence, when he was at the Pentagon, that the U.S. established Defense Attache offices at these embassies. And it was at his behest that the first military-to-military contacts took place.

In the 4<sup>1</sup>/<sub>2</sub> years since the Clinton Administration came into office, our message to the states of the region has been simple: As long as they move in the direction of political and economic freedom, of national and international reconciliation, we will be with them. That is what President Clinton told Eduard Shevardnadze of Georgia last Friday. It is what Vice President Gore told Askar Akayev of Kyrgyzstan earlier in the week. It is what President Clinton will tell President Aliyev next week. And it is the message that the First Lady will carry directly to the people and governments of Kazakhstan, Kyrgyzstan, and Uzbekistan this fall.

Our support has four dimensions: the promotion of democracy, the creation of free market economies, the sponsorship of peace and cooperation within and among the countries of the region, and their integration with the larger international community. Over the course of the past year, we have broadened and deepened our engagement with the region in each of these areas. Let me take them one at a time.

First, is democracy: The requisite institutions and attitudes—rule of law, civilian control and parliamentary oversight of the military, and respect for human rights—are not, to put it mildly, deeply rooted in the region. The very newness of democracy is itself a major obstacle to the process of democratization. After at least seven decades of being ruled from Russia—and in some cases much longer than that—these states were, when they gained their independence overnight on Christmas Day 1991, ill-prepared for the challenge of modern statehood. Many observers asserted that of the 12 New Independent States that emerged from the U.S.S.R., the eight of Central Asia and the Caucasus would be the least likely to survive.

President Shevardnadze has been particularly courageous in proving that pessimism wrong and in warning us—during his two visits to Washington—to make sure it is not self-fulfilling. The Georgian elections in 1995 were the first in the region that international observers judged to be free and fair.

Elsewhere, the picture is mixed. Kyrgyzstan is the only Central Asian state to have held an open, multi-candidate presidential election, but the government has launched criminal proceedings against some of its critics. Other states have committed serious violations of their citizens' human rights.

For our part, the United States has worked with international organizations like the OSCE, as well as with non-governmental organizations like the National Democratic Institute and the International Republican Institute to provide training and assistance to nascent political parties. We have also supported a

wide range of home-grown NGOs, such as an association for the defense of women's rights in Azerbaijan, a Young Lawyers' Association in Georgia, and the Association of Youth Leaders in Kazakhstan. All the while, we have spoken out publicly about human rights abuses and flaws in the democratic process, such as the shortcomings in the elections in Azerbaijan two years ago and in Armenia last fall.

In promoting democracy, we make the case that it is a condition for lasting economic progress. Only if the citizenry and the growing private sectors in these states have a say in the policies of the government will reform have the necessary backing; and only if these countries develop the rule of law will they attract the foreign investment they so desperately need.

As in politics, some states have proceeded more rapidly than others in the economic realm. Armenia and Georgia deserve a lot of credit, literally and figuratively. Both lack mineral wealth and have been caught up in serious regional conflicts. Yet they have been pace-setters in fiscal stabilization, privatization, and progress toward real growth.

In Central Asia, Kyrgyzstan and Kazakhstan reached that last milestone—real growth—in 1996. Other countries, however, have yet to take the most difficult steps toward building a market economy. Our goal is to help them in that direction. Since 1992, the U.S. has obligated more than \$2.2 billion in overall assistance to the eight states of the Caucasus and Central Asian region. Initially, much of this aid was directed at pressing humanitarian needs. We have also been a major donor to refugee programs throughout the area.

But we are now shifting our focus in the region from humanitarian to development assistance. That is the priority in the plan we have submitted to Congress for expanded assistance programs within the NIS in FY 1998. We are asking Congress to increase our assistance by 34%, to \$900 million. These additional resources will allow us to increase our support for democratic and economic reform in Central Asia and the Caucasus by more than 40%. Even in straightened budgetary times, that is a prudent investment in our nation's future.

But there are obviously limits to what we can do ourselves. That is why, in our support for reform in the Caucasus and Central Asia,

*“ . . . Our message to the states of the region has been simple: As long as they move in the direction of political and economic freedom, of national and international reconciliation, we will be with them.”*

we have been close partners with the major international financial institutions (IFIs). Working through the IFIs allows us to leverage our scarce aid dollars with those of the international community.

American assistance has helped Kazakstan and Kyrgyzstan implement one of the most modern and transparent tax reform laws in the NIS, and we have helped Kazakstan and Armenia with ambitious privatization programs. We have also aided Kyrgyzstan in establishing a stock market. Throughout the region, we're encouraging the states there to establish ties with the World Bank, International Monetary Fund, the Council of Europe, the European Union, and other international financial and political institutions. We hope to welcome Armenia, Georgia, Kyrgyzstan, and Kazakstan into the World Trade Organization—on the commercial terms generally applied to new members—before the end of 1998. We have supported the efforts by states in the region to develop a Eurasian transportation corridor, to eliminate trade barriers among them, and to create a region-wide market through the Central Asian Free Economic Zone.

Meanwhile, we are also providing funding and technical advice to help the nations of the Caucasus and Central Asia overcome another grim legacy of Soviet rule—environmental degradation, such as the disaster that has befallen the Aral Sea. This summer, we will open a regional environmental office in Tashkent to coordinate our environmental efforts in Central Asia. We are advocating similar regional approaches to transnational issues like weapons proliferation, drug trafficking, and organized crime.

Let me turn now to the security dimension of our engagement in the Caucasus and Central Asia. This September, the Central Asian Peacekeeping Battalion—made up of armed forces from Kazakstan, Uzbekistan, and Kyrgyzstan—will host troops from the United States, Russia, Turkey, and other nations in a joint peacekeeping exercise. These units will practice together their skills in minesweeping and distributing humanitarian aid. The image of American, Russian, and Turkish troops participating together—very much on the same side—in combating threats to the stability and security of the region is worth keeping in mind when listening to conventional wisdom about how the region is heading back to the future.

For the last several years, it has been fashionable to proclaim, or at least to predict, a replay of the "Great Game" in the Caucasus and Central Asia. The implication, of course, is that the driving dynamic of the region, fueled and lubricated by oil, will be the competition of the great powers to the disadvantage of the people who live there.

Our goal is to avoid and to actively discourage that atavistic outcome. In pondering and practicing the geopolitics of oil, let's make sure that we are thinking in terms appropriate to the 21st century and not the 19th. Let's leave Rudyard Kipling and George McDonald Fraser where they belong—on the shelves of historical fiction. The Great Game—which starred Kipling's Kim and Fraser's Flashman—was very much of the zero-sum variety. What we want to help bring about is just the opposite: We want to see all responsible players in the Caucasus and Central Asia be winners.

An essential step in that direction is the resolution of conflicts within and between countries and people in the region. In the last century, internal instability and division provided a pretext for foreign intervention and adventurism. In the last decade, since the breakup of the U.S.S.R., several such conflicts have erupted again. Let me touch on three and on what the United States and the international community are doing to help resolve them.

The first is the war over Nagorno-Karabakh. Even though the guns are, for the moment, silent, the fighting of the past decade has displaced nearly 800,000 Azeris. That's over 10% of the population of Azerbaijan. While the cease-fire is welcome, it is also precarious, and the absence of real peace has hurt both Azerbaijan and Armenia.

The United States, through its involvement in the OSCE, is determined to help find a solution in Nagorno-Karabakh—a solution that, by definition, will require difficult compromises on all sides. This is an effort in which I've been personally involved for over four years, particularly in recent months.

Along with Russia and France, the United States is conducting an OSCE initiative under the auspices of the so-called Minsk Conference. I traveled to the region at the end of May, and Lynn Pascoe, our special envoy, has been back there in the last several days. The U.S., Russian, and French co-chairs have achieved an extraordinary degree of harmony. That solidarity seems to have induced some flexibility among the three parties to the conflict.

But there are still plenty of obstacles to further progress. One of those is domestic—we have inflicted it on ourselves. I am referring to Section 907 of the FREEDOM Support Act, which limits our ability to provide assistance to the Government of Azerbaijan. This legislation, written in 1992, was intended to help Armenia overcome an Azerbaijani embargo. But it has had the negative effect of limiting our leverage with Baku and complicating our ability to be as effective as we could otherwise be as an honest broker. It has also made it impossible for us to

provide the Azerbaijanis with assistance on elections, economic reform, energy development, and in other areas where it is in our national interest to do so—hence our opposition to Section 907. I suspect you'll be hearing more on the subject when President Aliyev arrives here next week.

There is, of course, another conflict in the Caucasus, about which we heard a great deal from President Shevardnadze last week. This is the one in Abkhazia. President Clinton told President Shevardnadze that the United States is prepared to intensify its diplomatic efforts on behalf of a United Nations-backed settlement.

As for the five-year-old civil war in Tajikistan, that situation remains fragile and dangerous. We have provided funding for the UN-brokered peace process, and we welcomed the signing last month of a comprehensive peace accord in Moscow. We are prepared to provide aid for demobilization, start-up assistance for political parties, and preparation for new elections. The difficulties in implementation are sobering, but the recent accord offers a real opportunity for reconciliation not only within Tajikistan but with benefits for the surrounding countries as well.

That is the more general point to which I would like now to turn: The big states that border the eight nations of the Caucasus and Central Asia have much to gain from regional peace and much to lose from regional conflict. Some would say that is self-evident, but others would say it is "ahistorical" in that it disregards the inevitable and irresistible temptation of the Great Powers to replay the great game for the prize of oil and gas from the Caspian Basin.

Overcoming old prejudices and predispositions from the era of Lt. Harry Flashman needs to be a constant theme in our own diplomacy in the region, and we are using our good offices to that end. On all my trips to or from the Caucasus, I've made a point of stopping in Ankara. The Turks are making major investments in Turkmenistan and Azerbaijan and are developing trading relationships with the entire region.

Turkey's increased attention and activism has been a source of solace and support to those who rightly worry about the projection of Iranian influence. But many Russians see the Turkish role differently. They worry that Turkey's growing involvement in the region might cut them off from the former Soviet republics.

Russia, of course, is the target of concern itself for reasons rooted in history, including very recent history. Under Czars and commis-

sars alike, Russia's leaders in the past seemed capable of feeling strong, secure, and proud only if others felt weak, insecure, and humiliated.

Today there are still plenty of questions—and, among Russia's neighbors, plenty of anxieties—about how Moscow will handle its relations with the other members of the CIS. Whether that grouping of states survives will depend in large measure on whether it evolves in a way that vindicates its name; that is, whether it develops as a genuine commonwealth of genuinely independent states. If it goes in another direction—if its largest member tries to make "commonwealth" into a euphemism for domination of its neighbors—then the CIS will deserve to join that other set of initials, U.S.S.R., on the ash heap of history.

President Clinton has addressed this question frequently over the past four years: "How will Russia define its role as a great power?" He asks: "In yesterday's terms, or tomorrow's?" Russia, he has said, has "... a chance to show that a great power can promote patriotism without expansionism; that a great power can promote national pride without national prejudice ... the measure of Russia's greatness in the future will be whether the big neighbor can be the good neighbor."

One of the watchwords of our dialogue with Russia is integration—the right kind of integration. Integration means that the doors—and benefits—of international institutions will be open to Russia as long as Russia stays on a path of reform, including in the way it conducts its relations with its neighbors, and that means the way it defines integration in the context of the CIS.

As I indicated at the outset, that is consonant with the message we are conveying to all the New Independent States, notably including those of the Caucasus and Central Asia. We believe that our presence and influence in the region can itself be a force for the right kind of integration.

Let me close by stressing that support for reform, democracy, economic development, and integration in that vitally important region is not just a task for the U.S. Government or even for governments in general. Ultimate success will also depend upon the efforts of non-governmental organizations and businesses like those represented by many of you here today. And it will require the kind of clear thinking, new ideas, and constructive criticism that this institute has generated in its first year of existence—some of which I look forward to hearing from you right now. Thank you very much. ■

*Stuart Eizenstat*

# United States Trade With Asia

June 18, 1997

*Statement by the Under Secretary for Economic and Business Affairs before the Senate Commerce, Science, and Transportation Committee, Washington, DC.*

Mr. Chairman, I welcome this opportunity to testify before you on Asian trade issues and those concerning China, in particular. I personally look forward to a close relationship with this committee in my new capacity at the State Department on the full range of international economic policy issues under the committee's jurisdiction.

Asia is undergoing breathtaking economic expansion, with annual growth rates averaging 5%, approaching double-digit levels in some Asian countries. It is the most lucrative terrain in the world for American exports and jobs—and, therefore, its commercial vigor reinforces our own. All of America's global interests—security, economic, environmental, narcotics, terrorism, and human rights—are front and center in Asia.

Asia presents some of the most critical economic and trade policy challenges in the next century for the U.S. Government and private sector alike. Asia is particularly important as a market for U.S. exports, which have grown by an average of 13% a year from 1992 to 1996. U.S. two-way trade with Asia is similarly impressive, exceeding our two-way with Europe by a substantial margin—35% vs. 24% of total U.S. two-way trade with the world.

At the same time, however, the U.S. had trade deficits with most of the key Asian countries in 1996; the deficits with Japan and China alone accounted for nearly half the total U.S. trade deficit last year. We want to address the structural barriers that contribute to those deficits. Consequently, the United States should continue to press our partners to reduce barriers to U.S. goods and services in this vitally important region, which already accounts for over 30% of total U.S. merchandise exports. We seek to further anchor the United States in Asia through growing U.S. exports and investment in key technologies and sectors. An open and transparent international trading and investment system is essential if U.S. companies are to compete on a level playing field in Asia and elsewhere around the world.

Following World War II, we allowed an asymmetrical relationship to take hold with our trading partners in developing countries. At the time it made sense. We turned a blind eye to certain anti-competitive behaviors and conditions such as monopolies and cartelization and permitted them market access while they built up their infant industries.

Our new philosophy recognizes that these days are over. While we should and will continue to give special treatment to certain poor developing countries—for example, through the Generalized System of Preferences and the Caribbean Basin Initiative—we are employing a new approach to a whole range of countries in Latin America and the Asian tigers who are at a stage of development where preferential treatment and anti-competitive and trade restricting practices can no longer be tolerated. We need to press these countries to come up to our standards for market access. We simply will not sign multilateral agreements without a critical mass of such developing countries who make genuine market opening proposals within a reasonable period of time. Trade must be seen by Americans as a two-way street, or we will not be able to sustain a political consensus for further liberalization. We adopted this approach with the Asian countries during the negotiations last year on the Information Technology and Basic Telecommunications Agreements in the World Trade Organization (WTO), and we are doing the same this year in the WTO Financial Services negotiations.

## **Asia-Pacific Economic Cooperation (APEC)**

Asian countries' commitments to cooperative approaches translates into support for the WTO, ASEAN Free Trade Area, and for the APEC forum. APEC is a pivotal part of our efforts to create free and open markets and to reduce trade barriers between Asian and Pacific Rim countries. It includes the fastest-growing economies of the world, largely emerging

economies with a total of nearly three billion people. We estimate that reaching the ambitious goal of free and open trade and investment within APEC by 2020 would increase U.S. exports alone by 27% annually—or almost \$50 billion a year—once the goal has been achieved.

We are working closely with APEC countries to identify sectors for early liberalization in the region. Chemicals, wood, and environmental goods and services are among the early candidates for APEC action. The United States introduced this year a set of benchmarks or best practices for each of the 14 individual action plan sectors/areas in which APEC members committed to remove barriers. These benchmarks are transparent guidelines to assess the degree to which APEC members are meeting APEC's free trade and investment goals. We will be aggressively monitoring other members' implementation of their Individual Action Plans using these benchmarks.

In addition to these regional liberalization efforts, we are moving to rally APEC support for global trade liberalization initiatives. Last year, APEC leaders' endorsement of the World Trade Organization Information Technology and the Basic Telecommunications Agreements paved the way for concluding global negotiations on both agreements shortly afterward. We intend to follow the same approach this year with the WTO financial services agreement, since APEC members again play a critical role in assuring the conclusion of a successful agreement by the December deadline.

APEC and ASEAN provide the regional context for our efforts to expand trade with Asian and Pacific countries. These organizations help forge common approaches to common challenges. Much of our work, though, is still handled bilaterally.

## Japan

Japan is our second-largest trading partner, following only Canada; in 1996, our bilateral trade deficit was higher than with any other country. The trade deficit with Japan and Japan's overall current account surplus has long concerned us. While both declined in 1996, they are projected to rise significantly in 1997 due in part to the weaker yen and the Japanese Government's budget deficit reduction policy. President Clinton and Prime Minister Hashimoto agreed at their meeting in April on the need to promote strong, domestic demand-led growth in Japan and avoid a significant increase in Japan's external surplus.

Overregulation of Japan's economy has slowed growth and limited market access to new entrants, foreign and domestic. Consequently, the U.S. has pressed Japan to follow

through on its stated commitment to deregulate the economy. President Clinton and Prime Minister Hashimoto also agreed in April to set up a process to enhance the U.S.-Japan dialogue on deregulation issues. We are discussing next steps on deregulation with the Japanese. This dialogue should produce concrete measures that will liberalize the Japanese economy and expand market access for U.S. and other foreign firms. We will also continue to monitor closely Japan's implementation of the 23 agreements negotiated in this Administration designed to improve market access for U.S. firms.

## Korea

Korea's economic growth over the last 30 years has made U.S.-Korean bilateral economic relations extremely important. Once a key recipient of U.S. assistance, Korea is now our seventh-largest trading partner and our fifth-largest export market. Although we are now running a trade surplus with Korea, U.S. exports in sectors such as automobiles and telecommunications still face serious obstacles. We expect to consult soon with the Korean Government on ways to expand the insignificant level of U.S. car sales in one of the fastest-

growing markets in the world. We are holding talks as we speak with the Korean Government on increasing market access for U.S. telecommunications firms. We also have raised our concerns about the anti-import aspects of Korea's "frugality campaign" with the Korean Government directly and through both the WTO and the OECD. We are encouraged by recent Korean Government actions to address our concerns, including a strong public statement affirming Korea's commitment to the international trading system.

## China

But of all our challenges in Asia, none is more important or complex than developing our relationship with China, the most populous country in not only Asia but the world. As Secretary Albright has said, "there is no greater opportunity—or challenge—in American foreign policy today than to encourage China's integration into the international system as a fully responsible member." China's emergence

*"We estimate that reaching the ambitious goal of free and open trade and investment within APEC by 2020 would increase U.S. exports alone by 27% annually—or almost \$50 billion a year—once the goal has been achieved."*

as a global power is a development of immense, historic significance, both to the United States and the world. The People's Republic of China is, of course, already a key regional power in Asia, and its high rate of economic growth means we must assume it will become still more important. But with power must come responsibility—responsibility for acting according to international norms in human rights, proliferation, trade and commerce, and the resolution of political disputes. Bringing China more an ally into the international economic system, including its rules, standards, and institutions, benefits us as a nation and average Americans as workers, consumers, and citizens.

China shares borders with more countries—14—than any other in the world, and has unresolved border issues with four. It has a territorial dispute with Japan in the East China Sea and with several countries in the South China Sea. From the Korean Peninsula to the Spratly Islands, China is a key factor in the stability of the Asia-Pacific region.

In short, China is already a country of critical significance to the United States and to our allies and key trading partners, and is likely to become still more important in the years ahead. Its role could be helpful or harmful, and it is the task of American diplomacy to help ensure that it is the former. The manner in which we engage China will have an important bearing on whether it becomes integrated into international norms and institutions or whether it becomes an isolated, unpredictable, and disruptive force in the world. Few developments will have a greater effect for better or worse on what kind of world we live in during the next century. We must avoid taking actions that will have the effect of isolating China. China, for all of the very real problems we have with its actions, is not our enemy, and we must not act as if it is.

The question that concerns us today, whether to revoke China's MFN status, will have a crucial effect on how we conduct our policy toward China. Is there any reason to believe that China's conduct on the issues that concern us will improve if we deny it the normal trade benefits virtually every country on earth receives? Is there any reason to believe that we can deal effectively with the issues that concern us by severing our trade relations with China? To ask the question is to answer it. Such a policy assumes we are fated to confront China in the future and that American diplomacy is helpless to prevent this result.

We do not have the luxury to take such a stance. We cannot walk away from engaging China. American interests would be seriously damaged if we were to do so.

### **MFN is Central to Our Strategy of Comprehensive Engagement**

This Administration is committed to a strategy of comprehensive engagement with the P.R.C. in order to achieve our goal of incorporating China into the international system. American foreign policy has consistently focused on this goal for 25 years, a period embracing the terms of six Presidents of both parties. Our policy is designed to pursue cooperation where appropriate while clearly and directly opposing those Chinese actions with which we disagree. We work with the P.R.C. on a number of issues, ranging from alien smuggling and drugs to Cambodia and our cooperative efforts to enhance security on the Korean Peninsula. Where we have differences, we have worked to change Chinese policies, ranging from human rights to proliferation of weapons of mass destruction, using the full range of tools at our disposal—public and private diplomacy, bilateral and multilateral discussions, and targeted sanctions when appropriate. In this regard, we continue to maintain sanctions that were put in place after the suppression of the pro-democracy demonstrations in Tiananmen Square in 1989; during the March 1996 tension in the Taiwan Strait, we dispatched two aircraft carrier battle groups to avoid a miscalculation; and our willingness to impose sanctions resulted in favorable conclusions to discussions on textiles shipments and intellectual property. Revocation of MFN is far too blunt of an instrument to advance these policies. Its consequences would adversely affect many of our policies. We have a very strong interest in the maintenance of a high degree of autonomy in Hong Kong and the preservation of Hong Kong's basic freedoms, and we carry on an active dialogue with Beijing on this issue.

MFN is central to this strategy. Access to the American market is the most tangible evidence there is of the benefits of joining the international system. MFN—most-favored-nation treatment—does not, of course, in any way suggest that we are bestowing favors on China. It is simply ordinary tariff treatment, the same as we have with virtually every country in the world. Renewal of MFN must be based on a clear-eyed calculation of American interests. What is best for American workers, American business, American consumers, and American foreign policy interests in Asia? On all of these counts, it is in our interest to have a normal trading relationship with China.

By contrast, revocation of MFN would reverse a quarter-century of bipartisan China policy. It would also isolate us from our friends

and allies, every one of which would continue normal trade with China. In the run-up to this fall's Party Congress in Beijing, revocation would discredit the forces of reform in Beijing and would strengthen those who seek to fill the country's ideological void with a belligerent nationalism. We are unlikely to influence internal developments in any country, especially one as large as China, if we are not engaged with it. And MFN is essential to any policy of engagement.

Moreover, as I said before, there are only a tiny handful of countries with which we do not have trade or MFN. To include China with these mostly pariah states would encourage precisely the opposite of the conduct that we wish to see. Far from helping to integrate China into the international system, such an action would send Beijing a message that there is no place for it in the community of nations. And that message could result in a new and damaging pattern of conduct on China's part to the detriment of the U.S. and the international system.

### **Revocation of MFN Would Harm Our Economic and Trade Interests**

Termination of normal trade status would damage our foreign policy with China across the board and would be directly counterproductive in the area of trade. Large numbers of our workers and businesses scattered all around the country benefit from normal trade with China. Today we have annual exports to China of \$12 billion, directly responsible for some 170,000 American jobs. These exports and these jobs would be at risk from China's certain retaliation to the revocation of MFN.

We already have an impressive record of achievement on trade issues with China, and momentum is building for still more successes. In June of last year, we reached an accord on protection of intellectual property that has already advanced our efforts to protect American products in some of our strongest export industries. Since that agreement, China has closed 39 illegal CD factories and established hot-lines in southern China offering rewards that are worth more than 20 times the average local annual salary in exchange for tips leading to factory closings. In February, we concluded a textile agreement that provides expanded access to the Chinese market for American textile producers. During Vice President Gore's trip to China in March, Boeing and General Motors signed major contracts that demonstrate both the current importance of the Chinese market and its vast potential.

China has reinvigorated its negotiations on accession to the World Trade Organization in certain important areas, and we are making progress toward a commercially meaningful accession package, although there remains a very long road for China to travel. We have made clear that a viable accession package will require China to cut tariffs, provide access to U.S. services, allow U.S. companies to import and export goods to and from China, and remove quotas and unfair licensing rules. To meet WTO requirements, China also will have to make laws public, require judicial review of all trade activities, apply all trade laws more uniformly, and submit to WTO dispute settlement to ensure compliance with WTO rules. China's accession to the WTO under these terms would open significant new export opportunities for American firms. It would also represent another milestone in our strategy of integrating the P.R.C. into the world community. Revocation of MFN would halt progress in all these areas and would almost certainly undo the gains we have so painstakingly achieved.

Despite the significant progress we have made, we still face a large trade deficit with China. The reasons for this deficit are many, including the use of China by other Asian countries as a processing location for their own exports. Revoking MFN is not the way to address them.

I have personally raised, both privately and publicly during my trip to China last March, our profound concerns with the trade deficit—last year \$39.5 billion. I stressed that it was not sustainable. I believe China better appreciates this. It has quadrupled since 1990 and is the second-largest in the world. I presented a list of major projects for which U.S. companies were highly competitive and advocated on their behalf. But the most important way to reduce their unacceptably high deficit is through a sound, commercially viable WTO package that will open China's markets to our products. The way to reduce the trade deficit with China is not by limiting China's exports to America, thereby harming our own workers and manufacturers who depend on Chinese inputs for their own products. Rather, it is to remove the barriers confronting American exports to China. We are pursuing this goal with all the tools available, including WTO accession negotiations and our bilateral trade negotiations.

The World Bank estimates that China will invest \$750 billion in infrastructure in the next decade. Without a normal trading relationship, American firms would be frozen out of this market, to the delight of our competitors. By

increasing the prices of imports, it would also add over \$500 million to the shopping bill of the American consumer. Since many Chinese exports are "low end," low technology goods, lower-income Americans will feel a disproportionate share of that increased bill.

### **Revocation of MFN Would Hurt Hong Kong at a Critical Time**

In two weeks, Secretary Albright, together with many Members of Congress, will travel to Hong Kong for the historic occasion of the

reversion of that colony to Chinese sovereignty. Her visit will emphasize our strong support for the maintenance of the rule of law in Hong Kong and the protection of civil liberties and basic freedoms for the people of Hong Kong. Far from supporting Hong Kong, revocation of China's MFN status would undermine the basis of the island's prosperity.

Hong Kong handles over 50% of U.S.-China trade, making it highly dependent on the continuation of that trade. The Hong Kong Government estimates that revocation would slash trade by \$20-\$30 billion, eliminate 60,000-85,000 jobs, cut its economic growth rate by

over 50%, and reduce incomes by \$4 billion.

Hong Kong's economic strength is one of its chief assets in ensuring its autonomy from Beijing. As Martin Lee recently said, "If the United States is concerned about the handover, then the best thing is to assure the community by making sure nothing dramatic happens to Hong Kong. The (Hong Kong) Democratic Party has always strongly supported renewal of MFN for China unconditionally. We have never changed from that position." Just last week, Governor Patten wrote to the President that "To those of our friends who say that the best way to help Hong Kong is to attach conditions to China's MFN status, or to withdraw it altogether we say: 'Thanks, but no thanks. If you really want to help Hong Kong, the best thing you can do is to renew MFN without conditions.'" In short, failing to renew MFN for China now would hurt Hong Kong just when it

most needs our support. Our other friends in Asia would also suffer, notably Taiwan, which has a significant stake in trade and investment relations with the P.R.C.

### **MFN Advances Our Human Rights Agenda**

I have already discussed the economic harm we would inflict upon ourselves by failing to renew MFN. But ending normal trade relations would also harm U.S. interests in many other ways, including policies about which we as Americans feel most passionately. Historically, China's treatment of its own people has always been at its worst when it is most isolated. Among the darkest hours under the communist regime, the years of the Cultural Revolution from 1966 to 1976, was also when the P.R.C. was most withdrawn from the world.

Today, by contrast, pluralism is increasing in China, and our close economic engagement with Chinese society is a major engine driving this process. Every year, thousands of Chinese visit this country on business. While here, they receive first-hand a dose of the American way of life: our politics, our economy, and our personal freedoms. Thousands more Chinese employees of American firms who do not visit here are supervised by American managers, and correspond via e-mail on a daily basis with their American counterparts. We would do ourselves and the people of China a disservice by unilaterally reducing this influence.

The lack of progress on toleration of political dissent cannot be denied. This Administration has been firm and vocal in opposing P.R.C. human rights abuses, and we will continue to do so. We also recognize, however, the progress China has made in the past 15 years. The average Chinese today enjoys greater freedom of choice in terms of employment, education, housing, travel at home and abroad, and greater access to information than ever before in China's 4,000 year history. Beijing has also begun to pass new criminal and civil laws designed to protect citizens' rights and bring the P.R.C. closer to international norms. Finally, in a development that may one day spread further, the P.R.C. is conducting village elections in rural areas, and perhaps half of China's rural population has participated in these elections. Ambassador James Sasser recently observed one of these elections. As elected officials yourselves, you know better than anyone the significance of this development, which will put into the minds of Chinese the notion that the government should be responsible to the people for how it conducts its affairs.

*"Historically, China's treatment of its own people has always been at its worst when it is most isolated. Among the darkest hours under the communist regime, the years of the Cultural Revolution from 1966 to 1976, was also when the P.R.C. was most withdrawn from the world."*

Clearly, however, P.R.C. human rights practices still do not meet international norms, and our bilateral relationship cannot come to full fruition without progress on this issue. It continues to imprison dissidents for the peaceful expression of their views. We are concerned about the maintenance of Tibet's unique cultural, religious, and linguistic heritage, and we continue to urge Beijing to reopen discussions with the Dalai Lama. We urge China to provide access to its prisons to international humanitarian organizations. We have urged it to sign and ratify the UN Covenants on Civil and Political Rights and on Economic, Social, and Cultural Rights. We are pleased by Beijing's announcement that it will sign the latter covenant and is giving serious consideration to the former. We also stress to the P.R.C. the importance of the freedom to practice religion; in particular, we are disturbed by restrictions on religious freedom, harassment of religious groups, including Protestant and Catholic groups, and reports of the destruction of house churches. We note that, nonetheless, membership in registered and unregistered churches continues to grow. We speak frankly and candidly about these matters in our high-level meetings with the Chinese, and as Secretary Albright insists, we will continue to "tell it like it is." There is no reason to believe, however, that revocation of MFN would cause the P.R.C. to change any of these policies. On the contrary, by lessening outside influence in Chinese society, it would remove an important influence for further reform. MFN helps, not hurts, our pursuit of human rights objectives.

The China Service Coordinating Office, an organization serving more than 100 Christian organizations in service and witness in China, agrees. It fears revocation of MFN would:

- Close doors for service in China through educational, cultural, and other exchanges;
- Undermine Hong Kong and Taiwan, thereby hurting Christian outreach to the mainland from those islands; and,
- Hurt most exactly those areas where social and political developments are most promising.

The China Service Coordinating Office recognizes that engagement keeps the door open to continued progress on religious freedom in China and on human rights more generally.

### **Engagement Strategy Has Produced Results in Other Areas**

Our strategy of engagement has produced impressive results in other areas as well, and by disrupting this policy, revocation of MFN would halt prospects of further progress and

threaten our achievements. We are working with China to begin the Four Party Talks to end the state of war on the Korean Peninsula. China will play a critical role in determining the success of these historic talks.

In the area of non-proliferation, China in 1994 agreed to abide by the guidelines and parameters of the Missile Technology Control Regime. It signed and ratified the Nuclear Non-proliferation Treaty and the Chemical Weapons Convention. In May of last year, China issued an important statement that it would not provide assistance to unsafeguarded nuclear facilities. We have had useful talks with Beijing on issues involving the export of nuclear technology and expect further progress as we work toward meeting conditions necessary to implement our 1985 agreement on uses of peaceful nuclear energy.

There are other non-proliferation matters where we have been disappointed with the progress we have made, and we are continuing to work on those areas. We have expressed our strong concerns about China's inadequate controls on the export of materials and technology that can be used in missile development and chemical and biological warfare; about shipments to Iran by Chinese companies of dual-use chemicals and equipment that can be used in a weapons program, and about its arms sales to Iran and Pakistan. Last month, we imposed sanctions on Chinese individuals and companies that were providing assistance to Iran's chemical weapons program. We will continue to take appropriate action in the future against such violations of our laws.

Our strategy has also achieved a reduction of tensions in the Taiwan Strait. In March 1996, the President dispatched two carrier battle groups to the area in response to the P.R.C. missile exercise in the Strait. At the same time, we reaffirmed our commitment to the three communiques and our support for the peaceful unification of Taiwan with the mainland. Our actions reassured Asia and the world of our commitment to the peaceful resolution of the Taiwan issue. Tensions in the Strait have subsided since our action, and, for the first time, some direct commercial shipping has recently opened between Taiwan and the mainland.

In the environmental field, our two governments have increased cooperation by establishing the U.S.-China Environment and Development Forum. Vice President Gore inaugurated the forum during his recent visit to China. The forum has set an ambitious agenda for collaboration in four areas: energy policy, environmen-

tal policy, science for sustainable development, and commercial cooperation. The combined efforts of our two Environmental Protection Agencies have already resulted in China's recent decision to eliminate the use of leaded gasoline and in the undertaking of joint studies on the health effects of air pollution.

In conclusion, Mr. Chairman, let me be very clear about this vote. The vote on renewal of MFN is most assuredly not a vote endorsing China's policies. Everyone of us opposes many

of the practices and policies of the P.R.C. This vote is about American national interests. It is about the kind of international environment that the United States is constructing for the 21st century. It is about advancing our concerns on human rights. It is about working together with China to protect the environment that we all share. It is about good jobs for American workers, lower prices for American consumers, and a huge market for American businesses. It is about, Mr. Chairman, continuing to conduct a firm, forceful, patient, and diligent diplomacy that advances our national interests, rather than throwing up our hands and turning away, heedless of the consequences. ■

**MULTILATERAL****Chemical Weapons**

Convention on the prohibition of the development, production, stockpiling, and use of chemical weapons and on their destruction, with annexes. Done at Paris Jan. 13, 1993.

[Senate] Treaty Doc. 103-21. Entered into force Apr. 29, 1997.

*Signature:* Suriname, Apr. 28, 1997.

*Ratifications:* Cuba, Apr. 19, 1997;<sup>1</sup> Singapore, May 21, 1997; Slovenia, June 11, 1997;

Suriname, Apr. 28, 1997; Turkey, May 12, 1997.

**Children**

Convention on the protection of children and cooperation in respect of intercountry adoption. Done at The Hague May 29, 1993. Entered into force May 1, 1995.<sup>2</sup>

*Acceptance:* Finland, Mar. 17, 1997.

Convention on the rights of the child. Done at New York Nov. 20, 1989. Entered into force Sept. 2, 1990.<sup>2</sup>

*Accession:* Cook Islands, June 6, 1997.

**North Atlantic Treaty**

Agreement to amend the agreement of Aug. 3, 1959, as amended, to supplement the agreement between the parties to the North Atlantic Treaty regarding the status of their forces with respect to foreign forces stationed in the Federal Republic of Germany. Done at Bonn May 18, 1994.<sup>3</sup>

*Ratification:* France, May 27, 1997.

Agreement among the states parties to the North Atlantic Treaty and other states participating in the Partnership for Peace regarding the status of their forces. Done at Brussels June 19, 1995. Entered into force Jan. 13, 1996.

Additional protocol to the agreement among the states parties to the North Atlantic Treaty and the other states participating in the Partnership for Peace regarding the status of their forces. Done at Brussels June 19, 1995. Entered into force June 1, 1996.<sup>3</sup>

*Ratification:* Georgia, May 19, 1997.

**BILATERAL****Bangladesh**

USAID strategic objective agreement for reduced fertility and increased family health. Signed at Dhaka May 9, 1997. Entered into force May 9, 1997.

**Guyana**

Agreement regarding the reduction and reorganization of certain debts owed to, guaranteed by, or insured by the United States Government and its agencies, with annexes. Signed at Georgetown Mar. 27, 1997. Entered into force June 6, 1997.

**Israel**

Agreement amending the memorandum of agreement concerning the tactical high energy laser (THEL) advanced concept technology demonstration (ACTD). Signed at Tel Aviv and Washington Apr. 20 and May 2, 1997. Entered into force May 2, 1997.

**Mongolia**

Agreement concerning cooperation in the Global Learning and Observations to Benefit the Environment (GLOBE) Program, with appendices. Signed at Ulaanbaatar May 6, 1997. Entered into force May 6, 1997.

**Nepal**

Agreement relating to the employment of dependents of official government employees. Effected by exchange of notes at Washington Dec. 19, 1996 and May 13, 1997. Entered into force May 13, 1997.

**New Zealand**

Air transport agreement, with annexes. Signed at Washington June 18, 1997. Entered into force June 18, 1997.

**Pakistan**

Air transport agreement, with annexes. Signed at Rawalpindi Apr. 10, 1997. Entered into force Apr. 10, 1997.

**Poland**

Agreement for cooperation in the Global Learning and Observations to Benefit the Environment (GLOBE) Program, with

appendices. Signed at Warsaw Apr. 22, 1997. Entered into force Apr. 22, 1997.

**Spain**

Memorandum of understanding on scientific and technological cooperation in the field of water resources development. Signed at Madrid May 20, 1997. Entered into force May 20, 1997.

**Vietnam**

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the United States Government and the Agency for

International Development, with annexes. Signed at Hanoi Apr. 7, 1997. Entered into force June 23, 1997.

**Yemen**

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the United States Government and its agencies, with annexes. Signed at Sanaa Apr. 8, 1997. Entered into force May 22, 1997.

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<sup>1</sup>With declaration(s).

<sup>2</sup>Not in force for the U.S.

<sup>3</sup>Not in force. ■