

# CRS Report for Congress

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## China: Pending Legislation in the 105<sup>th</sup> Congress

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## **Abstract**

The 105<sup>th</sup> Congress has been active on issues involving China. This report, which will be updated as developments occur, tracks pending human rights legislation, including bills concerning: prison conditions and prison labor exports (H.R. 2195, H.R. 2358); coercive abortion practices (H.R. 2570); China's policies toward religion (H.R. 967, H.R. 2431); and more general human rights issues (H.R. 2095). Other bills concern Taiwan — in particular, Taiwan's entry into the World Trade Organization (H.Res. 190) and the U.S. role in helping Taiwan with a theater missile defense system (H.R. 2386). Also, legislation is pending on China's missile proliferation activities (H.Res. 188), Radio Free Asia broadcasting to China (H.R. 2232), China's participation in multilateral institutions (H.R. 1712, H.R. 2605), and the activities of China's military and intelligence services (H.R. 2647, H.R. 2190). Finally, there are also several multiple-issue bills, such as the Defense Authorization Act (H.R. 3616), the Foreign Relations Authorization Act (H.R. 1757), the China Policy Act (S. 1164), and the U.S.-China Relations Act (S. 1303), which combine some, or even most, of these issues.

# China: Pending Legislation in the 105<sup>th</sup> Congress

## Summary

Congressional interest in China increased in intensity beginning in mid-1997. Early in November 1997, the House passed a package of China-related bills by a wide margin, and these are now being considered in the Senate. Many of the measures are strongly opposed by the Administration, which in October of 1997 completed the first official Sino-U.S. summit of the Clinton presidency and the first visit to Washington of a Chinese leader since 1985. The number of bills and the diversity of their approaches suggest significant divisions within the Congress about the direction of U.S. China policy. In addition, on June 9, 1998, Representative Solomon introduced H.Res. 463, to create a Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China. The move is in response to allegations that Loral Space and Communications, a U.S. company which received a presidential waiver of satellite export restrictions to China, may have provided China with sensitive information in 1996 capable of improving China's missile launch capabilities.

As in past years, Members of the 105<sup>th</sup> Congress have offered legislation protesting aspects of China's human rights record. These measures include bills dealing with prison labor exports; coercive abortion practices; and religious intolerance. An additional set of bills concerns Taiwan — in particular, offering policy prescriptions about Taiwan's entry into the World Trade Organization (WTO) and about the U.S. role in helping Taiwan to defend itself from military aggression. Also, there is legislation concerning China's missile proliferation activities, technology transfer issues, Radio Free Asia broadcasting to China, and U.S. support for multilateral development bank loans to China. Many of these are stand-alone measures. But there are also several multiple-issue bills, such as the Foreign Relations and Defense Authorization Acts, which combine some, or even most, of these issues.

In general, the pending legislation on China offers one of two approaches: either an assertive, sanction-oriented approach to China that requires punitive U.S. actions; or a less punitive approach that, while targeting many of the same issues, leans more heavily on sense-of-Congress language. In committee markups, leadership meetings, and on the floor, Congress has been debating the differing legislative approaches. In the House, many harsher measures were toned down in committee consideration, while new, punitive measures were sometimes introduced to replace them. In addition, several more comprehensive bills have been introduced in the Senate, which has not acted on any of the House bills. Given the recent concerns that U.S. corporations may have transferred U.S. satellite and missile technology to China, and President Clinton's impending trip to China in late June 1998, Congress is likely to continue to remain actively involved on China matters.

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# China: Pending Legislation in the 105<sup>th</sup> Congress

## Introduction<sup>1</sup>

For a host of assorted reasons, and despite extensive investment and trade linkages, U.S.-China relations have remained troubled in recent years. To a great extent, the stage for bilateral tensions was set by the 1989 Tiananmen Square crackdown, from which China has never been rehabilitated in American eyes. Against this backdrop, U.S. and Chinese policymakers have clashed repeatedly over human rights violations, non-proliferation questions, and economic issues. Relations reached a low point in 1995-96 when Taiwan — a problem long thought to have been resolved by a 1982 U.S.-China communique — reemerged as a major bilateral issue. The swiftness and severity of that crisis, which included live-fire Chinese missile tests in the Taiwan Strait and the deployment of two American carrier battle groups to the area, appeared to take policymakers in both capitals by surprise. Since then, both governments have undergone policy reassessments in efforts to put the relationship back on track. Although there has been notable improvement in the past 18 months, progress has been slow. Some old problems remain, and other new ones have arisen.

Tensions in U.S.-China relations have led to tensions in U.S. policy circles — tensions which have surfaced in clashes between Members of Congress and the White House over the direction of U.S. policy toward China. Both the Bush and Clinton Administrations have stressed policies of “engagement” with China, and congressional critics of this approach have sought to pressure the White House to take a firmer, more sanction-oriented approach. Initially, in 1990, Congress brought this pressure to bear largely through the vehicle of annual renewal of China’s most-favored-nation (MFN) treatment, either by voting to withdraw China’s MFN status or by placing further conditions on it. In subsequent years, Members placed increasing emphasis on diverse and separate initiatives that have implications for U.S.-China relations, including initiatives on human rights, non-proliferation, trade, Taiwan, and others. Some of these initiatives have resurfaced in the 105<sup>th</sup> Congress, either as renewed attempts to enact past measures or as refinements of previously enacted ones. Several other initiatives are new.

In this diverse policy community, there is general agreement that Washington should use its influence to have Beijing conform to international norms and to foster

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<sup>1</sup> For additional background on issues in U.S.-China relations, see *China-U.S. Relations*, by Kerry Dumbaugh, CRS Issue Brief 94002 (archived); *China’s Changing*, CRS Issue Brief 97049, and *Taiwan & U.S. Policy Choices*, CRS Issue Brief 96032, both by Robert Sutter; *China and Congress in 1992*, CRS Report 93-894 F, and *Hong Kong: Issues for U.S. Policy*, CRS Issue Brief 95119, both by Kerry Dumbaugh; and *China: U.S. Economic Sanctions*, CRS Report 96-272 F, by Dianne Rennack.

changes in China's political, economic, and security systems compatible with U.S. interests. At the same time, there is little agreement in Washington on how the United States should achieve these objectives. In general, American policymakers are continuing to use a combination of three approaches to influence U.S. China policy, and there is little indication as to which approach will ultimately prevail.

First is a moderate, "engaged," and less confrontational posture toward China. This is favored by many in the Clinton Administration, Congress, and elsewhere. Some favoring this approach are impressed with China's growing economic and national strength and the opportunities this provides for the United States. They promote U.S. engagement with China as the most appropriate way to guide the newly emerging power into international activities compatible with U.S. interests.

Underlying a moderate approach sometimes is a belief that trends in China are moving inexorably in the "right" direction. That is, China is becoming increasingly interdependent economically with its neighbors and the developed countries of the West, and is seen as increasingly unlikely to take disruptive action that would upset these advantageous international economic relationships. Therefore, according to this view, U.S. policy should be to work more closely with China in order to encourage what are seen as positive long-term trends.

A second approach encourages U.S. leaders to be less accommodating. According to this approach, rather than trying to persuade Beijing of the advantages of international cooperation, the United States should keep military forces as a counterweight to rising Chinese power in Asia; deal firmly with economic, arms proliferation, and other disputes with China; and work closely with traditional U.S. allies and friends along China's periphery in order to deal with assertiveness or disruption from Beijing.

Proponents of this policy stress that Beijing officials still view the world as a state-centered, competitive environment where interdependence counts for little. China's leaders are seen as determined to use whatever means is at their disposal to increase China's wealth and power, conforming to many international norms as China builds economic strength. Once it succeeds with economic modernization, according to this perspective, Beijing will be disinclined to curb its ambitions out of a need for international interdependence or other concerns.

A third approach is based on the premise that the political system in China needs to be changed before the United States has any real hope of reaching a constructive relationship with China. Proponents of this approach believe Beijing's communist leaders are inherently incapable of long-term positive ties with the United States. U.S. policy should focus on mechanisms to change China from within while maintaining a vigilant posture to deal with disruptive Chinese foreign policy actions in Asian and world affairs. While the Clinton Administration has favored the "engaged" approach, all three approaches have their advocates within the U.S. policy community. During the past year, congressional debate over the appropriate policy approach has led to a proliferation of legislation relating to China, much of which is still pending.

## Policy Issues and Legislative Initiatives

In 1997, the annual divisive congressional debate over extending China's MFN status ended as it had in previous years. The resolution that would have ended China's MFN status, H.J.Res. 79, was defeated in the House (by a vote of 173-259), making Senate consideration moot. Also as in past years, critics of China's human rights and proliferation policies have turned to alternatives to MFN, introducing measures that would more selectively target sanctions and other punitive policies. Several new factors have characterized this year's debate and could affect congressional actions the remainder of this session. First, significant emphasis has been placed this year on China's intolerance for many religious practices. Supported by several conservative religious groups, the concern about religious freedom has led to several free-standing bills dealing with this aspect of Chinese policy alone. And second, sharp differences have occurred within each party, leading to differing policy approaches toward China among Members seeking legislative alternatives to the MFN vehicle. Among the China-related measures introduced in the 105<sup>th</sup> Congress is a package of 9 bills — all critical of China — which the House considered under one rule (H.Res. 302) beginning on November 5, 1997.

### Human Rights Measures

China's human rights abuses have been among the most visible and constant points of contention in U.S.-China relations since the 1989 Tiananmen Square crackdown. Early in his term, President Clinton had supported linking China's most-favored-nation (MFN) status with its human rights performance, and in a 1993 Executive Order spelled out the human rights conditions China would have to meet. By May 26, 1994, the President had decided to "delink" human rights from China's MFN status, saying that the United States had "reached the end of the usefulness of that policy." China's human rights record since then has presented a mixed picture, with both setbacks and minor improvements providing plenty of ammunition for policy debate.

*S.Res. 187/H.Res. 364, The U.N. Commission on Human Rights.* As introduced by Senator Connie Mack on March 3, 1998, S.Res. 187 urges the United States to introduce at the annual Geneva meeting of the U.N. Commission on Human Rights a resolution criticizing China for its human rights abuses in China and Tibet. The Senate Foreign Relations Committee ordered the measure to be reported favorably and without amendment on March 11, 1998. On March 12, 1998, the Senate passed the resolution by a vote of 95-5. A similar resolution, H.Res. 364, was introduced in the House by Representative Chris Smith on February 12, 1998. The House measure was marked up by the Subcommittee on International Operations on February 25, and by the Subcommittee on Asia/Pacific Affairs on March 5. The full House International Relations Committee held hearings on March 10, and the House passed the measure on March 17, 1998, by a vote of 397-0.

**Prison Labor/Prison Conditions.** Prisons in China are widely criticized for their conditions and their treatment of prisoners. In addition, the requirement that prisoners work is perhaps the central feature of the Chinese prison system. From the standpoint of U.S. policy, the key issue is the extent to which products made by

Chinese prisoners are exported to the U.S. market. Long-standing U.S. law prohibits and provides penalties for the import of products made with convict labor.<sup>2</sup> Because of concerns involving prison labor exports by China, the United States signed a Memorandum-of-Understanding (MOU) with China on the subject in 1992. Since then, there have been repeated allegations that China is failing to adhere to its the agreement.<sup>3</sup> Congress is currently considering two bills designed to reinforce the current ban on prison labor imports. The effect of both bills would be to increase funding for monitoring of prison labor and prison abuses in China.

***H.R. 2195, Slave Labor Products Act.*** As originally introduced by Representative Chris Smith on July 17, 1997, H.R. 2195 dealt exclusively with China. In addition to a series of findings about Chinese prison labor exports, the introduced version authorized \$2 million in FY1999 to improve State Department and Customs Service monitoring of Chinese violations and required the Administration to issue a report on Chinese prison labor exports one year after enactment. But in a Ways and Means Committee markup on October 1, 1997, Reps. Archer and Matsui offered substitute language that stripped all but one reference to China while leaving the increased funding and reporting provisions intact. The effect of the substitute was to increase funding for enforcement of the U.S. prohibition on import of products made by prison labor from all countries. The House International Relations Committee waived jurisdiction, and the bill was brought to the House floor on November 5, 1997, under a rule making nine China-related bills in order, H.Res. 302. After a motion to recommit with instructions was ruled non-germane, the House passed H.R. 2195 on November 5 by a vote of 419-2. The bill was referred to the Senate Finance Committee on November 6, 1997.

***H.R. 2358, Political Freedom in China Act.*** The bill, introduced by Representative Ros-Lehtinen, would authorize \$2.2 million in FY1998 and \$2.2 million in FY1999 to provide the U.S. Embassy and consulates in China with increased personnel to monitor prison abuses and political repression in China. The bill was reported by the full House International Relations Committee on September 29, 1997 (H.Rept. 105-305), and was considered by the full House on November 5, 1997. Under the rule (H.Res. 302), adoption of the rule meant adoption of a package of House International Relations Committee amendments to H.R. 2358. Among other things, these amendments condemned China's alleged sale for transplant of human organs harvested from executed prisoners (Rep. Linda Smith); authorized \$5 million for the National Endowment for Democracy in each of fiscal years FY1998 and FY1999 to promote rule of law and civil society in China (Reps. Porter/Dreier/Matsui); and drew attention to the plight of Tibetan prisoners (Rep. Abercrombie).

In addition, the House passed by a vote of 394-29 the Gilman/Markey amendment, which amended the original 1985 U.S.-China nuclear cooperation agreement in two ways: by extending from 30 days to 120 days the time Congress has

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<sup>2</sup> Prison labor imports have been a violation of U.S. customs law since 1890 under the McKinley Tariff Act [19 U.S.C., section 1307]; criminal penalties also apply under 18 U.S.C., section 1761 and 1762.

<sup>3</sup> See *China-U.S. Trade Issues*, CRS Issue Brief 91121, by Wayne Morrison.



to consider a proposed nuclear cooperation agreement; and by establishing expedited procedures for congressional consideration of a resolution of disapproval for a proposed nuclear sale. The House passed the final amended bill on November 5 by a vote of 416-5. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997.

**Forced Abortion.** The most bitter controversies in U.S. population planning assistance have erupted over abortion, and the degree to which coercive abortions occur in China has been a prominent issue in these debates. Chinese officials have routinely denied that coercion is an authorized part of Chinese family planning programs, but they have acknowledged that some provincial and local officials have pursued coercive policies. U.S. funding for coercive family planning practices is already prohibited in provisions of several U.S. laws, including prohibitions on indirect support for coercive family planning, specifically in China.<sup>4</sup>

**H.R. 2570, Coercive Abortion Practices.** Representative Fowler's bill would require the United States to deny visas to any Chinese national or Chinese government official who can be credibly determined to have been involved in either establishing or enforcing population policies resulting in forced sterilization or forced abortion. The bill is similar to Section 101(5) of S. 1164, the China Policy Act of 1997, introduced on Sept. 11, 1997, by Senator Abraham (see below). The House took up H.R. 2570 on November 6 under the rule, H.Res. 302. Adoption of the rule meant simultaneous adoption of an amendment by Rep. Hamilton that exempted the head of state, head of government, and cabinet level officials from the visa prohibition, and that provided the President with authority to waive the visa prohibition if he determined it in the national interest to do so. The House passed the amended H.R. 2570 by a vote of 415-1. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997.

**Religious Freedom.**<sup>5</sup> Although membership data on religious organizations in China suggest that the practice of religion continues to increase, China's decision in 1994 to tighten restrictions on religious practices has generated increased American criticism. Among other things, new restrictions prohibit evangelical activities and require all religious groups to register with the Religious Affairs Bureau (RAB). Registration requires that religious groups reveal the names and addresses of members, their contacts in China and abroad, and details about leadership activities and finances. The RAB, charged with policing and regulating religious activities, is part of China's State Council and reports to the Communist Party's United Front Work Department.

**H.R. 967, Free the Clergy Act.** As originally introduced, Representative Gilman's bill, H.R. 967, would have required the United States to deny visas to members of eight official religious organizations in China and to Chinese officials involved in promoting or enforcing policies hindering religious practices. It also

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<sup>4</sup> See *Population Assistance and Family Planning Programs: Issues for Congress*, CRS Issue Brief 96026, by Larry Nowels and Kerry Dumbaugh.

<sup>5</sup> See *China's Treatment of Religious Practices*, CRS Report 97-882 F, by Kerry Dumbaugh and Deborah Johnson.

would have prohibited any U.S. funds from being used to pay for travel expenses for these officials to attend international conferences or exchange programs. Amendment in markup removed the visa prohibition, leaving only the funding prohibition in place. The bill is similar to Section 101(3) and (4) of S. 1164, the China Policy Act of 1997, introduced on Sept. 11, 1997, by Sen. Abraham (see below). The House International Relations Committee reported the bill to the House on October 6, 1997 (H.Rept. 105-309, Pt. 1). With the Judiciary Committee having waived jurisdiction, the bill was taken up by the House on November 6, 1997, as part of a package of nine China-related bills under the rule, H.Res. 302. The House passed the bill on November 6 by a vote of 366-54. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997.

***H.R. 2431, Freedom From Religious Persecution Act of 1998.*** Originally introduced as H.R. 1685 on May 20, 1997, Representative Wolf's bill would establish the U.S. Office of Religious Persecution Monitoring and would impose sanctions against countries engaged in religious persecution. The bill was reintroduced on Sept. 8, 1997, with minor changes — notably, the deletion of a provision linking a country's religious tolerance with U.S. support for its WTO membership. A companion bill, S. 772, was introduced on May 21, 1997 by Senator Specter; no further action has occurred on it. On March 24, the House Judiciary Committee's Subcommittee on Immigration held hearings about the immigration portions of the bill.

On March 25, the House International Relations committee held a markup on H.R. 2431. The Committee adopted an amendment in the nature of a substitute, offered by Chairman Gilman, which struck all after the enacting clause and substituted a new set of provisions. The Committee reported the bill to the House (H.Rept. 105-480) on April 1, 1998. The amended version of H.R. 2431 adds language about the Xinjiang Autonomous Region in China, formerly East Turkistan, which is the home of large numbers of Muslim Uighurs; establishes definitions and separate remedies for "Category 1" persecution (officially sanctioned or conducted by the government), and "Category 2" persecution (not officially sanctioned); and softens the presidential waiver authority restrictions. The House adopted amendments to the bill, and passed it on May 14, 1998, by a vote of 375-41.

## **Issues Relating to Taiwan**

In order to normalize relations with the People's Republic of China in 1978, the United States had to break off official contacts with Taiwan, whose government claimed that there was only one China and that the government on Taiwan was its legitimate government. U.S. policy toward and arms sales to Taiwan since then have been governed by the Taiwan Relations Act (P.L. 96-8), with other U.S. policy statements on Taiwan contained in three U.S.-China communiqués signed since 1972. Taiwan undoubtedly remains the most sensitive issue in U.S.-China relations, with the key point being the issue of Taiwan's status as part of China. China has not foresworn the use of force should Taiwan declare its independence from China, and

in the past Chinese officials have insisted on clarification and restatement of the U.S. position that the United States does not recognize “two Chinas.”<sup>6</sup>

***H.R. 2386, U.S.-Taiwan Anti-Ballistic Missile Defense Cooperation Act.*** As introduced, Representative Hunter’s bill, H.R. 2386, would require the United States to develop plans for a theater missile defense system for Taiwan, and would call on the President to make such items available for sale to Taiwan. These provisions were kept in the final markup version, although the final bill was amended by deletion of Section 3, which declared that the defense provisions in the Taiwan Relations Act superseded the three U.S.-China communiqués. That provision, which has been introduced in other legislation in the past, is particularly controversial to the Administration and to China, which maintains that U.S. commitments in the three bilateral communiqués outweigh the TRA (U.S. domestic law) in governing U.S.-China relations. With the House National Security Committee having waived jurisdiction, the House took up consideration of the bill on November 6. By adopting the rule, H. Res. 302, the House simultaneously adopted amendments to H.R. 2386 which 1) clarified the future status of Taiwan, differentiating Taiwan’s status particularly from that of Hong Kong (Rep. Deutch), and which 2) clarified Taiwan’s current missile defense capabilities, noting in particular that Taiwan would be protected more completely if a missile defense system were expanded to include the Taichung region, Kaohsiung, the Penghu Islands, Kinmen (Quemoy), and Matsu (Reps. Frost/Hunter). The House passed the bill on November 6 by a vote of 301-116. On November 7, 1997, the bill was referred to the Senate Foreign Relations Committee.

***H.Res. 190, Taiwan Membership the World Trade Organization (WTO).*** As other issues involving Taiwan and U.S.-China relations, Taiwan’s application for membership in the WTO is a sensitive one. Both China and Taiwan have applied for membership, and China has insisted that the memberships be linked, or that China be admitted first. Representative Cox’ bill, H. Res. 190, would express the sense of Congress that Taiwan should be admitted to the WTO without its admission being made conditional upon China’s membership.<sup>7</sup> The bill was referred to the House Ways and Means Committee on July 17, 1997; no further action has occurred on it. Other language relating to Taiwan’s membership in the WTO is contained in Section 1722 of the House-passed version of H.R. 1757, the Foreign Relations Authorization Act. (See below.)

## **The Missile Proliferation Issue**

Another ongoing issue in U.S.-China relations involves China’s alleged proliferation of weapons. For years China has been charged with selling weapons of mass destruction and medium-range ballistic missiles in the international market, primarily to Pakistan and to Middle East countries. Iran has been a steady customer

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<sup>6</sup> See *Taiwan: Texts of the Taiwan Relations Act and the U.S.-China Communiqués*, CRS Report 96-246 F, by Kerry Dumbaugh.

<sup>7</sup> See *China’s Application to the World Trade Organization*, CRS Report 97-348 E, by George Holliday and Robert Sutter, and *Taiwan: U.S. Policy Choices*, CRS IB96032, by Robert Sutter.

of Chinese weapons, making such purchases as small numbers of SA-2 surface-to-air missiles, F-7 combat aircraft, fast-attack patrol boats, and C-802 anti-ship cruise missiles. Some Members of Congress have questioned whether Iran's possession of C-802's violates the Iran-Iraq Arms Non-Proliferation Act of 1992 (50 U.S.C. 1701), which requires sanctions on countries that sell destabilizing weapons to Iran or Iraq. (The Administration has testified that the transfers so far are not destabilizing enough to warrant U.S. sanctions under the Act).<sup>8</sup>

***H.Res. 188, Cruise Missile Proliferation.*** Representative Gilman's resolution finds the delivery of Chinese C-802 cruise missiles to Iran to be destabilizing and therefore a violation of the Iran-Iraq Non-Proliferation Act ("the Act") of 1992. The House International Relations Committee reported the bill to the House on October 6, 1997 (H.Rept. 105-304). As reported, the resolution urged the Administration to enforce the provisions of the Act with respect to Chinese missile sales to Iran. During floor consideration, the effect of adopting the rule (H.Res. 302) was to simultaneously adopt a package of House International Relations Committee amendments which did two things: 1) recommended that the United States not issue any visa to Chinese nationals involved in weapons proliferation (Reps. Porter/Dreier/Matsui); and 2) expressed the sense of the House on Russian provisions of missile technology and assistance to Iran (Rep. Harman). The House passed the amended H.Res. 188 on November 6 by a vote of 414-8.

## **Radio Free Asia**

The issue of establishing a surrogate radio broadcasting system for China, similar to Radio Free Europe and Radio Liberty, originated in 1991. In 1991 and 1992, three separate commissions made recommendations concerning the establishment of such a system. In its FY1994 budget request, the Clinton Administration requested \$30 million to create a surrogate system, called Radio Free Asia (RFA). Congress authorized its creation in the Foreign Relations Authorization Act for FY1994-1995 (P.L. 103-226). The service was incorporated on March 11, 1996, and has been broadcasting 5 hours a day in Mandarin Chinese and 2 hours a day in Tibetan.<sup>9</sup> During RFA's first year of broadcasting, Congress continued to express concerns that the new service was not following a clear plan of action, and that it was not coordinating its broadcasting activities closely enough with the Voice of America.

***H.R. 2232, Radio Free Asia Act of 1997.*** As introduced, Representative Royce's bill would have authorized an additional \$46.9 million for FY1998 and an additional \$31.2 million for FY1999, to be made available only for broadcasting to China. The introduced version would have accommodated round-the-clock broadcasts to China in Mandarin, Cantonese, and Tibetan, as well as in other major Chinese dialects. In addition, the original version would have earmarked funds for building new transmitters in the Marshall Islands and for staffing a Cantonese language service. In markup on September 30, 1997, the House International

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<sup>8</sup> See *Iran: Arms and Technology Acquisitions*, CRS Report 97-474 F, by Ken Katzman; and *Chinese Proliferation of Weapons of Mass Destruction: Current Policy Issues*, CRS IB 92056, by Shirley Kan.

<sup>9</sup> See *Radio Free Asia*, CRS Report 97-52F, by Susan Epstein.

Relations Committee removed several earmarks, including one for the Cantonese language services, and kept the overall funding levels lower (\$30 million and \$22 million, respectively) in accordance with agreements reached in conference on the Foreign Relations Authorization Act (H.R. 1757) (see below). Under the rule, H.Res. 302, the House took up H.R. 2232 on November 9, 1997, passing it by a vote of 401-21. The bill was referred to the Senate Foreign Relations Committee on November 9, 1997.

## Security Issues

Relatively recently, Congress has become concerned over the activities of China's military and intelligence communities. This concern has been prompted partly by several cases involving Chinese military enterprises associated with, or controlled by, the People's Liberation Army (PLA), partly by accusations of illegal Chinese contributions to U.S. political campaigns in an effort to gain political influence, and partly by reports that U.S. companies may have illegally transferred sensitive missile launch technology to China. In 1996, 2,000 AK-47 assault rifles were smuggled from China into the U.S. port of Oakland. Two Chinese companies investigated for the smuggling, including Poly Technologies, were owned or controlled by the PLA. Another case involves a proposal by the Port of Long Beach to lease terminal facilities to the China Ocean Shipping Company (COSCO). Although COSCO is not run by the Chinese military, critics have charged that COSCO has ties to PLA companies, citing the case of the AK-47 assault rifles (which were transported in a COSCO-owned ship) as one example. In another case involving allegations of Chinese efforts to gain political influence in the United States, Mr. Wang Jun, Chairman of Poly Technologies, attended a White House reception.<sup>10</sup>

***H.Res. 463, Select Committee on U.S. National Security and Military/Commercial Concerns With the People's Republic of China.*** On June 9, 1998, Representative Solomon introduced this resolution to create a special select committee to investigate ongoing accusations involving China and U.S. national security. The resolution gives the select committee broad jurisdiction to investigate technology transfer issues; the conduct and decisionmaking processes of the Executive Branch; the conduct of U.S. defense contractors, satellite manufacturers, and weapons manufacturers; and allegations of Chinese influence-buying and illegal campaign contributions. The resolution calls for the select committee to have 8 members, to be appointed by the Speaker. The measure was referred to the House Rules Committee, which reported it out on June 16, 1998 (H.Rept. 105-582). The House passed it on June 18, 1998, by a vote of 409-10.

***H.R. 2647, PLA Monitoring Legislation.*** Representative Fowler's bill would authorize the President to exercise his authority under the International Emergency Economic Powers Act (50 U.S.C. 1702(a)) over any commercial activity in the United States carried out by a Chinese military enterprise. Originally introduced as H.R. 2188, that version of the bill would have denied MFN treatment to products produced, manufactured, or exported by the PLA. A second version, introduced on

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<sup>10</sup> See *Long Beach: Proposed Lease by China Ocean Shipping Company (COSCO)*, CRS Report 97-476F, by Shirley Kan.

September 30, 1997, eliminated the MFN provision; H.R. 2647, the third version of the bill, is the same as its predecessor but for one additional provision exempting “authorities relating to importation” from the bill’s coverage. The effect of both the changes from the original legislation was to obviate Ways and Means Committee consideration. Under the rule, H.Res. 302, the House took up H.R. 2647 on November 7, 1997, passing it by a vote of 408-10. The bill was referred to the Senate Banking Committee on November 8, 1997.

***H.R. 2190, Report on PRC Intelligence Activities.*** Representative McCollum’s bill would require the Directors of the CIA and the FBI to submit annual reports in both classified and unclassified versions concerning: Chinese political, military, and economic espionage; intelligence activities designed to gain political influence; efforts to gain direct or indirect influence through intermediaries; and Chinese disinformation and press manipulation. Similar language introduced by Reps. McCollum and Cox was passed by voice vote on July 9, 1997, in an amendment to the Intelligence Authorization Act (H.R. 1775). H.R. 2190 was introduced on July 17, 1997.

***H.R. 3616 (Spence)/S. 2057 (Thurmond).*** The Defense Authorization Act. Representative Spence's bill authorizes appropriations for the Department of Defense for FY1999. The bill was introduced on April 1, 1998, and referred to the House National Security Committee, which held a mark-up on May 6, 1998. When the Committee reported the bill out on May 12, 1998 (H.Rept. 105-532), it included minimal provisions relating to China: (Section 2822 would eliminate the President's ability to waive prohibitions against sale or lease of the former Naval Station at Long Beach, California, to China.) However, in light of recent revelations that U.S. corporations may have illegally conveyed sensitive satellite and missile technology information to China in 1996, a number of amendments to H.R. 3616 were submitted to the House Rules Committee for consideration on May 19, 1998; 12 of these related to China, and 2 related to Hong Kong. When the Committee reported a rule later the same day, 6 of the proposed amendments had been made in order: Spence/Gilman — expressing the sense of Congress that U.S. business interests should not be placed above U.S. national security interests, and that the United States should not enter into new agreements with China involving space or missile-related technology; Bereuter — prohibiting U.S. participation in any investigation of a launch failure of a U.S. satellite in China; Hefley — prohibiting the transfer of U.S. missile equipment or missile-related technology to China; Hunter — prohibiting export or re-export of any U.S. satellites to China; and also, placing U.S. satellites on the U.S. Munitions List and making their export subject to Arms Export Control Act licensing requirements; and Gilman — establishing requirements for nuclear energy-related exports, including provision for joint resolutions of disapproval in Congress for related export licenses.

On May 7, 1998, the Senate Armed Services Committee ordered to be reported an original measure, formally introduced as S. 2057 on May 11, 1998. The Senate began consideration of S. 2057 on May 14, 1998, adopting several amendments relating to China. These included an amendment (Hutchinson/Abraham) requiring the Secretary of Defense to compile a list of Chinese military companies operating in the United States, and authorizing the President to use IEEPA authority (50 U.S.C. 1702(a)) with respect to any U.S. commercial activity by these entities (the Senate agreed to the amendment by voice vote, after having earlier rejected a motion to table by a vote of 24-76). This amendment imposes the same requirements as did H.R.

2647, which passed the House on November 7, 1997, by a vote of 409-10. The Senate also adopted an amendment (Hutchinson/Abraham) strengthening the U.S. ability to monitor whether China is illegally exporting to the United States products made with prison-labor (as amended by a Harkin amendment to include "child labor" into the definition of forced labor in U.S. law. This amendment was similar to H.R. 2195, which the House passed in November 1997 by a vote of 419-2. The Senate passed both of the above amendments by voice vote. The Senate is expected to resume consideration of S. 2057 later in June.

## **Economic Issues**

Economic issues — particularly trade issues, China's accession to the World Trade Organization (WTO), and the annual review of China's MFN status — have often been the source of tensions in U.S.-China relations. In addition to the expected resolution to disapprove most-favored-nation status for China, several of the bills still pending on the congressional calendar have implications for U.S. trade with China and for China's ability to borrow at current levels from multilateral development banks. China is the principal borrower from world financial institutions, such as the World Bank, to which the United States makes annual contributions. In the aftermath of the Tiananmen Square crackdown of 1989, the United States and the Group of Seven (G-7) countries — together the major stockholders in the international development banks — agreed to support limited loans to China as long as loans were targeted to projects meeting basic human needs. The United States continues to support limited loans to China based on these restrictions.<sup>11</sup>

***H.J.Res. 121, Disapproving the Extension of Most-Favored-Nation Status (MFN).*** Representative Solomon introduced this joint resolution on June 4, 1998, the day after President Clinton issued his annual recommendation that China's eligibility for MFN status be extended. Congress has 90 days in which to act to disapprove the President's recommendation. The joint resolution must be approved by both houses and signed by the President in order to become law. H.J.Res. 121 was referred to the House Ways and Means Committee, which in recent years has reported out similar joint resolutions unfavorably.

***H.R. 1712, China Market Access and Export Opportunities Act of 1997.*** Representative Bereuter introduced his bill on May 22, 1997. The bill addresses China's WTO accession and the annual U.S. review of China's MFN status. According to the bill's statement of purpose, it would offer an incentive for China to join the WTO by providing China with permanent MFN status upon its accession. (The bill would do this by removing China from the annual MFN review process under Title IV of the Trade Act of 1974.) Prior to China's accession to the WTO (and while China still enjoyed MFN status), the bill would authorize the President to

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<sup>11</sup> See *China and the Multilateral Development Banks*, CRS Report 97-518 F, by Jonathan Sanford; *China's Economic Development: An Overview*, CRS Report 97-932 E, by Wayne Morrison; and *Most-Favored-Nation Status of the People's Republic of China*, CRS IB97039, by Vladimir Pregelj; *Most-Favored-Nation Status and China: History, Current Law, Economic and Political Considerations, and Alternative Approaches*, CRS Report 96-923 E.

raise tariffs on Chinese imports if he determined that China was 1.) not providing adequate trade benefits for the United States, or; 2.) not taking the necessary steps to become a full WTO member. The bill was referred to the House Ways and Means Committee on May 22, 1997. (See S. 1303, below.)

***H.R. 2605, Communist China Subsidy Reduction Act.*** Representative Solomon's bill would direct U.S. representatives at multilateral development banks to oppose concessional loans to any entity in China. The original version of this bill, H.R. 2196, would have reduced the U.S. contribution to any international financial institution by the proportional amount that could be determined would have gone to the PRC. The reintroduced version of the bill, H.R. 2605, moderates this provision. H.R. 2605 was introduced on October 2, 1997, and was referred to the House Banking Committee. The bill was taken up by the House on November 6, under rule H.Res. 302. By adopting the rule, the House simultaneously adopted several amendments by Reps. Porter/Dreier/Matsui which 1) created a voluntary codes of conduct for U.S. businesses operating in China, stating that U.S. companies adopting the principles would be given preferential participation in trade missions to China; and 2) encouraged U.S. government agencies to initiate or expand cultural, scientific, agricultural, military, legal, and other ties with China. The House passed the amended bill on November 6 by a vote of 354-59. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997.

## **Multiple-Issue Legislation**

Apart from the single-issue, stand-alone bills described above, several other major bills are pending relating to China that include components of other single-issue bills.

***H.R. 1757, Foreign Relations Authorization Act, FY1998-FY1999.*** The bill, introduced by Representative Gilman, authorizes appropriations for State Department activities and consolidates foreign affairs agencies of the United States. The House International Relations Committee had marked up an earlier version of the bill (H.R. 1486, the Foreign Policy Reform Act), before H.R. 1757 was introduced on June 3, 1997. The House amended the bill and passed it on June 11, 1997, by voice vote. On June 17, 1997, the Senate struck all after the Enacting Clause and substituted the language of S. 903, as amended, passing that bill the same day by a vote of 90-5. As approved by the House, Section 1305 of the bill would have created a Special Envoy for Tibet, with the rank of ambassador and charged with promoting negotiations between the Dalai Lama and China; Section 1523 would have prohibited the United Nations Population Fund (UNFPA) from using U.S. funds for population programs in China; Section 1713 of the bill would have expressed the sense of Congress that Hong Kong's reversion to China should be peaceful, and that basic freedoms and rule of law should be respected; Section 1722 declared that Congress favors public U.S. support for Taiwan's accession to the WTO.

As passed by the full Senate, the bill imposed a requirement similar to that in the House bill for a Special Envoy to Tibet, and contained sense of the Senate language on a range of U.S. policy issues with respect to China, including limiting visas to Chinese officials involved in restricting religious practices or in China's coercive abortion programs; limiting U.S. contributions to the multilateral development banks;



imposing targeted sanctions on certain Chinese PLA enterprises; and increasing U.S. funding for Radio Free Asia. On June 19, 1997, a message on the Senate action was sent to the House.

On March 10, 1997, the conference report was filed (H.Rept. 105-432), with a number of changes in the China-related provisions. Deleted from the conference report was any mention of a Special Envoy for Tibet, which had been included in both House and Senate versions of the bill. The conference report also dropped several of the sense-of-Senate language provisions on China, including: language limiting visas to Chinese officials; limiting U.S. contributions to multilateral development banks; targeting sanctions on certain Chinese military enterprises; and increasing funds and expanding broadcasting hours for Radio Free Asia. Section 1808 of the conference report declares that Congress favors public U.S. support for Taiwan's accession to the WTO; section 1816 prohibits UNFPA from receiving U.S. funds unless the President certifies either that UNFPA has ended all its population activities in China and will have no activities during the fiscal year the money is authorized, or that there have been no coercive abortions in China during the previous 12 months.

The House agreed to the Conference Report by voice vote on March 26, 1998, having first agreed to the rule (H.Res. 385) by a vote of 234-172. The Senate passed the Conference Report on April 28, 1998, by a vote of 51-49, and cleared it for the White House.

***H.R. 2095, China Human Rights and Democracy Act of 1997.*** The bill by Reps. Porter and Dreier reportedly was developed after Speaker Gingrich asked the two Members to review alternatives to withdrawing China's MFN status.<sup>12</sup> Among other things, the bill includes funding for Radio Free Asia, expresses the sense of Congress that there should be round-the-clock broadcasting in Asia in multiple languages, including Chinese, Tibetan, Cantonese, and Uighur; requires annual reports from the Secretary of State about human rights violations in China, including religious persecution, development of democratic institutions, and rule of law; expresses the sense of Congress that U.S. businesses operating in China should adhere to a code of conduct; and prohibits the issuance of visas to any Chinese national involved in proliferation activities or human rights violations. The bill was introduced on June 26, 1997, and has received no further action.

***S. 1164, The China Policy Act of 1997.*** Senator Abraham's bill, introduced on September 11, 1997, sets forth a fairly comprehensive U.S. China policy approach and includes provisions similar to other pending China bills. Among its provisions, the legislation includes a title delineating new sanctions on China — including denial of visas, instruction that U.S. representatives to the MDBs vote against assistance to China, sanctions on PLA enterprises, limited funding for Radio Free Asia, annual reports on PRC intelligence activities in the United States, and an assessment of a theater ballistic missile defense system for Taiwan. The Senate Foreign Relations Committee held hearings on the bill on September 17, 1997.

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<sup>12</sup> Cited in *The Congressional Quarterly*, June 14, 1997, p. 1390.

*S. 1303, The U.S.-China Relations Act of 1997.* Senator Lieberman's bill, introduced on October 21, 1997, takes a moderate and more conciliatory approach to U.S.-China relations. It states that its fundamental purpose is the integration of China into the world community. S. 1303 would require an annual accounting of U.S. economic relations with China and would encourage China's integration into multilateral economic organizations — including a requirement that the President develop criteria for China's participation in Organization for Economic Cooperation and Development (OECD) and G-7 meetings. The bill would give China permanent MFN upon accession to the WTO; requires greater information on energy and national security issues; establishes a commission to promote the rule of law, respect for human rights, religious tolerance, and civil society in China; and calls for the formation of a commission to prepare a profile of China province-by-province to serve as a basis for permitting the Overseas Private Investment Corporation (OPIC) to invest in certain provinces. S. 1303 incorporates H.R. 1712, a bill introduced in May, 1997 by Rep. Bereuter. In his floor statement introducing the bill, Sen. Lieberman referred to the "flurry of bills" introduced in Congress to oppose China's policies, and declared it "unfortunate that Congress is sending mixed messages about this very important bilateral relationship." The bill was referred to the Senate Finance Committee on October 21, 1997.