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Tough Questions, AmCham

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TOUGH QUESTIONS

(AmCham and press conference)

1. You sound pretty optimistic about China and WTO implementation. Why?

I am hopeful. Lots of work to do, by China in changing laws and regulations and in developing a legal infrastructure to deal with intellectual property rights, Customs, legal conflicts. Also by foreign business in following up opportunities and monitoring Chinese compliance. Also by US government in monitoring compliance and helping train Chinese.

In Hong Kong, I heard that Chinese officials had visited to talk about how to comply with WTO in various areas. That tells me they are serious.

My meetings with Zhu Rongji in recent years convince me that he and much of the senior leadership are committed to economic reform and WTO compliance. Obviously, there are opponents to reform, and they are strong. But his commitment, and Jiang Zemin's, are critically important.

Will be slow, will be many challenges. Will be reversals. But, I am confident about the direction.

2. What evidence do you have that Chen Shui-bian is truly committed to a one-China policy and that he opposes Taiwan independence.

He is a realist. Knows what it takes to lead the government in Taiwan. Understands the delicate nature of his victory. Understands the great economic progress Taiwan has made the last two decades and the need to maintain the status quo across the Strait. He wants more political space internationally for Taiwan. I urge Beijing leaders to resume cross-Strait dialogue, be flexible, be creative in providing more international space for Taiwan.

3. Bilateral trade deficit with China is huge and growing. How deal with this?

US record multilateral trade deficit has many causes – macro-economic, American appetite for imports, high growth in the US, barriers in foreign markets. Our largest bilateral trade deficits are with China and Japan. As we have discussed already, I recognize that WTO implementation and trade liberalization in China will require time. Although, in many areas, such as agriculture, many changes should occur quickly. With so much more Chinese exports to the US than US exports to China, turning around the trade deficit will take time. But, we should see, and need to see, meaningful increase in American exports to China over the short-term. And meaningful improvement in the ability of our service industries to operate.

4. Republicans in Congress tried very hard to enact the Taiwan Security Enhancement Act. What will Bush do?
To be frank, I am a strong supporter of a strong Taiwan and US defense sales to Taiwan. But TSEA was the wrong way to go, and it failed this year. It was highly symbolic, but with the wrong symbols.

Taiwan must be capable of defending itself. The measure of Taiwan's ability to defend itself is based on the threat. The build up in PRC forces across the Taiwan strait requires Taiwan to have a stronger defense. This is a simple cause and effect. I have been urging Chinese leadership both to reduce tensions across the Taiwan strait, both by lowering the tone of the rhetoric and halting the military build-up.

I do not believe that a Bush Administration would reverse three decades of American China policy. Democrats and Republicans share the same goal of reducing tension and the possibility of military action across the Taiwan strait.

5. What are your views on TMD, Theater Missile Defense.

I understand Chinese government concerns about TMD and their view of what it means for a closer military relationship between the US and Taiwan. In so far as TMD and participation by Taiwan, clearly PRC policies and actions that do not threaten Taiwan's security would go a long way to obviate the need for TMD. I urge the Chinese leadership to reduce tensions and threats toward Taiwan and to restart the cross-Strait dialogue in a flexible way.

6. Decades of American hectoring on human rights has done nothing to change the situation. Now, in the PNTR bill, you will push on human rights in a new way with the Commission. What do you expect to happen? Isn't this going to worsen US relations with China?

I am a strong supporter of US concern about human rights in China and around the world. This is a core American value, based on our history and heritage. And it is a core international value. It is, obviously, an area where we have significant disagreements with the Chinese leadership. I hope that China will cooperate with Commission we set up in the PNTR legislation. Without that Commission, the legislation might not have passed in the House.

In the US-China relationship, there are areas, such as trade and the WTO, where vital interests of both countries intersect. In other areas, such as human rights, religious freedom, policy toward Taiwan, our respective interests differ significantly. We will continue to express our strongly held views and hope that, over time and with economic development, policies in China will change.

7. With 100,000 troops in Asia, a whole new security cooperation arrangement with Japan, a navy base in Singapore, military training facilities in the Philippines, the 7th fleet, it is clear that the US is trying to surround China military, box China in, perhaps, ultimately, to isolate China, and maintain American hegemony in the region. You certainly cannot