

105TH CONGRESS
1ST SESSION

H. RES. 190

Expressing the sense of the House of Representatives that Taiwan should be admitted to the World Trade Organization without making such admission conditional on the previous or simultaneous admission of the People's Republic of China to the WTO.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1997

Mr. COX of California (for himself, Mr. SAM JOHNSON of Texas, Mr. GILMAN, Mr. SPENCE, Mr. SOLOMON, Mr. SMITH of New Jersey, Mr. ROYCE, Mr. SHADEGG, Mr. GIBBONS, Mr. MCINTOSH, and Mr. ROHRABACHER) submitted the following resolution; which was referred to the Committee on Ways and Means

RESOLUTION

Expressing the sense of the House of Representatives that Taiwan should be admitted to the World Trade Organization without making such admission conditional on the previous or simultaneous admission of the People's Republic of China to the WTO.

Whereas the purpose of the World Trade Organization (hereafter in this resolution referred to as the "WTO") is to enable member countries to conduct trade based upon free market principles, by limiting government intervention in the form of state subsidies, by limiting nontariff barriers, and by encouraging reciprocal reductions in tariffs among members;

Whereas the WTO is based on the assumption that the import and export of goods are conducted by independent enterprises responding to profit incentives and market forces;

Whereas the WTO requires that countries with nonmarket economies implement significant reforms to change centralized and planned economic systems before they may be considered for WTO membership, and the existence of a decentralized and a free market economy is considered a condition for fair trade among WTO members;

Whereas, pursuant to its charter and rules, membership in the WTO is not limited to nations nor indicative of sovereignty, a policy illustrated by the fact that Hong Kong will remain a full member of the WTO as a separate customs territory after becoming part of the People's Republic of China on July 1, 1997;

Whereas the Republic of China on Taiwan (hereafter in this resolution referred to as "Taiwan") has applied for membership in the WTO as the separate customs territory of Taiwan, Penghu, Kinmen, and Matsu, and its application is under review by a Working Party appointed under Article XXXIII of the GATT 1994 (as defined in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501));

Whereas Taiwan has a free market economy that has existed for more than 3 decades, and is currently the 14th largest trading nation in the world;

Whereas Taiwan has a gross national product that is the world's 20th largest, its foreign exchange reserves are the 3rd largest in the world, and it has become the world's 7th largest foreign investor;

Whereas Taiwan is the 7th largest trading partner of the United States and its purchases of United States exports are more than 60 percent greater than those of the People's Republic of China;

Whereas Taiwan has already agreed to reduce the tariff level of many products, and to eliminate other nontariff barriers as a condition of its admission to the WTO;

Whereas the United States and Taiwan have enjoyed a long-standing and uninterrupted friendship, which has only increased in light of the remarkable economic development and political liberalization in Taiwan in recent years;

Whereas Taiwan reached a historic turning point in the development of Chinese democracy on March 23, 1996, when it conducted the first competitive, free, fair, direct, and popular election of a head of state in over 4,000 years of recorded Chinese history, leading to Lee Teng-hui's inauguration as President on May 20, 1996;

Whereas for the past century the United States has promoted democracy and economic freedom throughout the world, and the evolution of Taiwan is an outstanding example of the success of that policy;

Whereas Taiwan's accession to the WTO is important to the United States because it is the largest importer of United States goods that is not already a member of the WTO, and because Taiwan's entry into the WTO would promote significant new market opportunities for United States exporters and investors;

Whereas a declaration of the European Parliament made on July 18, 1996, rightly found that "the people of Taiwan ought to be better represented to international organiza-

tions than they are at present, which would benefit both Taiwan and the whole of the international community”;

Whereas, notwithstanding these circumstances, the People’s Republic of China has sought to block the admission of Taiwan to the WTO until its own accession to membership;

Whereas, notwithstanding this opposition, Taiwan is ready for, and meets the criteria for, admission to the WTO;

Whereas the People’s Republic of China, in contrast to Taiwan, has applied for membership in the WTO not as a developed nation, but rather as a developing nation, so that it would be relieved of the obligations to reduce its tariffs and eliminate its subsidies for government-controlled industries, even after its admission to the WTO;

Whereas, in contrast to Taiwan, the Communist government of the People’s Republic of China maintains strict government controls over most trade within its territory, restricts and often outlaws free market competition, and denies legal and regulatory protections for property rights, all in ways that are incompatible with WTO principles;

Whereas the Communist government of the People’s Republic of China maintains an intricate system of restrictive and punitive tariff and nontariff administrative controls to implement its centrally planned industrial and trade policies, with tariffs on foreign goods, such as automobiles, as high as 150 percent, even though the People’s Republic of China has made commitments in the Memorandum of Understanding on market access it signed with the United States on October 10, 1992, and reaffirmed in

March of 1995, to reform significant parts of its import regime;

Whereas the Communist government of the People's Republic of China has denied conditions necessary for free trade in announcing in January of 1996 that its official news agency, Xinhua, will supervise wire services selling economic information, including Dow Jones-Telerate, Bloomberg, and Reuters Business, and in announcing in February of 1996 the "Interim Internet Management Rules", which have the effect of censoring computer networks;

Whereas under the May 30, 1997, order of Premier Li Peng of the People's Republic of China, all units which engage in business activities related to international computer networking must now apply for a license, increasing government control over access to the internet;

Whereas the People's Republic of China's failure to implement its March 11, 1995, agreement with the United States to curtail piracy of products protected by intellectual property rights, including music, videos, books, and software, prompted a threat by the United States to impose trade sanctions proportionate to an estimated loss of \$2,300,000,000 to the United States economy in 1995 that the piracy has caused;

Whereas the estimated loss to the United States economy that the piracy in the People's Republic of China of products protected by intellectual property rights has caused in 1996 is also \$2,300,000,000;

Whereas representatives of the People's Republic of China's two leading state-owned arms exporting companies, Poly Technologies and Norinco, were arrested by Federal law

enforcement officers for smuggling into the United States 2,000 AK-47 rifles intended for sale to gangs, and offering to sell to Federal undercover agents 300,000 machine guns with silencers, 66-millimeter mortars, hand grenades, and even “Red Parakeet” surface-to-air missiles, which, as stated in the criminal complaint against one of those representatives, Hammond Ku, “Ku said . . . could take out a 747” aircraft;

Whereas illegal activities such as these should be taken into account in formulating trade policy with respect to any country;

Whereas the Communist government of the People’s Republic of China continues to use direct and indirect government subsidies to unfairly advantage its own exports in contravention of market principles;

Whereas approximately 100,000 state enterprises are still currently operating in the People’s Republic of China, accounting for over a third of total industrial production and employing two-thirds of the urban workforce in that country; and

Whereas, as a consequence of these practices, the People’s Republic of China is not ready for, and does not meet the criteria for, admission to the WTO either as a developed nation or a developing nation, while Taiwan can easily meet and exceed all of the requirements for admission to the WTO: Now, therefore, be it

1 *Resolved*, That it is the sense of the House of Rep-

2 resentatives that—

3 (1) Taiwan should be admitted to the WTO as

4 a separate customs territory without making such

1 admission conditional on the previous or simulta-
2 neous admission of the People's Republic of China
3 to the WTO, whether as a developing or a developed
4 nation; and

5 (2) it should be United States policy to support
6 Taiwan's admission to the WTO forthwith, without
7 making such admission conditional on the previous
8 or simultaneous admission of the People's Republic
9 of China to the WTO.

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