

theft of state secrets means that the legislation will be more or less restrictive of the Hong Kong peoples' basic rights. Clearly, this issue will be one of the first important tests of the newly elected Hong Kong legislature and current government. Future benchmarks include the government's responsiveness to Hong Kong public opinion when formulating legislation (as it appeared to do in the formulation of the societies ordinance) and whether the Hong Kong government strictly enforces the legislation, once enacted.

HONG KONG'S CUSTOMS AUTONOMY: A PROMISING START BUT TOO EARLY TO JUDGE

Indicators suggest that Hong Kong is fully exercising its autonomy as a separate customs territory within China. Law enforcement cooperation between Hong Kong police and Customs and U.S. Customs remains "much the same" and, according to U.S. officials, there appears to be "no change in the working relationship." Nevertheless, it is "too early to judge" whether long-term U.S. trade, security, and law enforcement interests in Hong Kong ultimately will be affected by the transition.

To prevent smuggling through its port, Hong Kong Customs employs four hundred people but is only able to examine approximately 1300 of the 13.5 million containers per year which move throughout the entrepot territory. In addition, the border between Hong Kong and Shenzhen currently handles 14,000 vehicles per day, and that number is increasing daily. "Without good intelligence," U.S. officials say, Hong Kong custom's task in finding smuggling is like "looking for a needle in the haystack." American officials acknowledge, however, that their Hong Kong counterparts "do as good a job as anyone."

In November, the U.S. Foreign Commercial Service performed thirty post-shipment verifications on export licenses and found only one or two questionable situations. Moreover, those questions were resolved upon further inspection. A U.S. interagency team on export controls traveled to Hong Kong on January 12, 1998, as part of a bilateral cooperation agreement between Secretary of Commerce William Daley and Hong Kong Trade and Industry Secretary Denise Yue. The conclusions of that meeting were not available for this report. Hong Kong's customs service has demonstrated continued diligence and quick response on two potentially serious diversions from North Korea of unmilled tank barrels and rocket fuel. The customs service now has legislation to catch "middle men" in Hong Kong who facilitate diversions not actually involving the Hong Kong port. In this respect it is similar to the United States and a leader in the world.

One continuing complaint by U.S. law enforcement officials involves Hong Kong's *laissez faire* approach to money being personally carried in and out of Hong Kong. There is no reporting requirement for travelers doing this, and Hong Kong is therefore an ideal place for laundering money. Note: This situation existed in Hong Kong prior to the transition and therefore is not a resulting problem. Nevertheless, it would seem desirable for the U.S. Government to recommend that the Hong Kong government mirror U.S. reporting requirements in order to stem the flow of money laundering.

U.S. officials give Hong Kong Customs high marks for recent stepped-up efforts on textile transshipments, but lower marks for their enforcement of intellectual property rights violations. Hong Kong Customs claims difficulty in "going after the kingpins" and, instead, arrests the sellers at the retail level of pirated material. More blatantly, some well-known arcades certainly do rather open-

ly market pirated software and compact discs. Some Hong Kong officials complain that the reason that pirated products remain on sale in legitimate retail stores is that "there is no deterrent"—judges are too lenient. However, recent increases in jail terms along with expanded enforcement powers for Customs officers may have a positive effect in reducing piracy. Also, the government has introduced legislation that should help enable Customs to control illicit production.

ECONOMIC CONDITIONS IN HONG KONG

If one were only to examine the Heritage Foundation's annual Index of Economic Freedom or the American Chamber of Commerce in Hong Kong's annual confidence survey, one might wrongly conclude that Hong Kong's economic outlook remains unchanged from last year. However, regional economic woes beginning in the summer of 1997 have had a significant impact on Hong Kong.

Drawing on large international currency reserves and a strong determination to defend the HK\$-US\$ peg, Hong Kong was able to weather an initial attack on its currency caused by the financial turmoil throughout Asia. This led, however, to a sharp rise in interest rates as well as large drops in the stock and property markets. After rising to a new high in August, the stock market fell almost 40% during the last week of October. Since bottoming out in November of 1997, however, the Hang Seng index has battled back to levels recorded in April of 1997. (Information compiled after January 1, 1998) The real estate market is important to Hong Kong's economic viability and stability, and it certainly has an important effect on U.S. firms and citizens residing there. Residential property prices have been trimmed by 20%-30% in recent months.

Tourism in Hong Kong also has noticeably declined and it is difficult to predict how significantly the region-wide financial crisis will further affect this key industry. An additional issue of concern is the fact that the Peregrine Investment Corporation, Hong Kong's largest investment firm, declared bankruptcy on January 12, 1998. (Information compiled after January 1, 1998)

Despite recent difficulties, short-term confidence in the Hong Kong dollar seems strong, and policy makers express a continuing determination to defend the peg. (There are, however, a growing number of dissenters who maintain that Hong Kong will not be able to maintain the peg in the long term, principally because they predict China will eventually devalue the renminbi.) Hong Kong's banking sector and its regulatory regime are strong. Monetary figures show no sign of capital flight or panic. Hong Kong's foreign exchange reserves reached U.S. \$96.5 billion in November 1997.

MACAU

Macau will revert to China on December 20, 1999, and become yet another Special Administrative Region. Like the British, Portugal negotiated a Joint Declaration with the PRC government that establishes a "one-country, two systems" formula for Macau. Although there are many similarities between the imminent Macau reversion to China and that of Hong Kong, there are several key differences.

If for no reason other than size, Macau has only a modest effect upon U.S. vital interests. Macau buys only one percent of the total exports which the U.S. sends to Hong Kong, and it houses only 1% of the number of Americans as reside in Hong Kong. Nevertheless, there are legitimate U.S. concerns in the areas of drug smuggling and intellectual property rights violations. For example, it is believed that a considerable portion of the region's illicit compact disc and videotape

production lines may have moved to Macau. Estimates suggest that a hundred million or more illegal compact discs and movies per annum may now be produced in Macau. Exacerbating the illicit production problems in Macau are contradictory actions taken by the local courts concerning the government's seizure of equipment used in the illegal production lines.

Organized gang warfare is also a matter of legitimate concern. Early in 1997, Macau was featured in the news by reports about gang fighting or turf wars. Macau officials argue that the overall crime rate in Macau has been exaggerated by the sensational nature of the stories.

Macau's reversion to China presents several other key differences from Hong Kong's reversion to China. For example, Macau has a "through train" for its Legislative Assembly and therefore will not have to cope with the provisional legislature scenario currently existing in Hong Kong. This body currently has twenty-three assembly members of which two-thirds are elected. It also has an ambitious legislative agenda for 1998 that includes localization of the major Portuguese codes and human rights initiatives. Of concern is the fact that the Macau Legislative Assembly was unable in 1997 to pass several human rights initiatives. Other key issues for Macau which pose difficult transition issues include localization of the civil service and nationality issues. With the approval of the Speaker for an expanded area of responsibility because of Macau's relevance to the Hong Kong transition and its proximity, the Task Force would propose to similarly observe and report on the Macau transition.

ADDITIONAL NOTE

Although there have been many economic developments in Hong Kong after December 31, 1997, this report generally reflects those developments occurring before that date. There are limited exceptions where the report comments on events occurring after December 31, 1997, and they are indicated appropriately.

TRIBUTE TO GARY GIACOMINI

HON. LYNN C. WOOLSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 3, 1998

Ms. WOOLSEY. Mr. Speaker, I rise today to pay tribute to an outstanding individual, Mr. Gary Giacomini. Gary is being honored by the Citizens Foundation of Marin and the Marin Council of Agencies as the 1997 Citizen of the Year.

Marin County has a history of electing wonderful members to the Marin Board of Supervisors and Gary is a prime example. He fought hard for his constituents. In fact, he still is fighting for them. Gary truly loved his job. As a member of many county and state agencies, from the Marin County Transit District to the California Coastal Commission, Gary supported the issues that are important to the residents of Marin County.

I have had the pleasure to work with Gary on several Marin County issues. But where I've gotten to really know him is through the Pt. Reyes National Seashore. Shortly after I was elected to the House, Gary came to me with his vision to encourage agriculture by protecting lands east of the National Seashore from development. Based on Gary's vision, I introduced H.R. 1995, the Pt. Reyes National

Seashore Farmland Protection Act, to offer willing land owners conservation easements to support agriculture. I made H.R. 1995 one of my top priorities. I will always appreciate Gary sharing his vision with me, and I will always be thankful for his support.

Mr. Speaker, it is my great pleasure to pay tribute to Gary Giacomini. His dedication and success to preserve agriculture in Marin County and fight for the causes he and his constituents believe in is admirable. I wish Gary and his family the best.

SPECIAL RECOGNITION OF SR.
BARBARA DAVIS, SC

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 3, 1998

Mr. OXLEY. Mr. Speaker, today I rise to spotlight a very special lady who has unselfishly given of her time, energy and soul to others in her community. She has earned the honor of being named the 1998 National Catholic Education Association Distinguished Principal for the States of Ohio and Michigan.

She is one of only twelve Catholic School Elementary Principals in the country and the only one from Ohio to be chosen for this honor. The lives of many young people have been deeply touched with the kindness and sincerity that Sister Davis has shown. As principal of St. Mary's School, Shelby, Ohio, she worked to place computers into classrooms so that students will benefit from technological advances such as the Internet and other educational tools.

I extend my best wishes to her as she receives this award, and I urge her to keep up the good work. She truly is a remarkable teacher and role model. Thank you Sister Davis.

TRIBUTE TO MAJ. GEN. DOUG
BUNGER

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 3, 1998

Mr. FROST. Mr. Speaker, today I pay tribute to Major General Doug Bunker, who currently resides in Duncanville, Texas, upon his retirement this month from the United States Air Force. In his thirty-one years of service to this great nation he has proven himself an extraordinary leader of people, programs, and finances at all organizational levels in the Air Force, and finances at all organizational levels in the Air Force. As a military comptroller, General Bunker directed the financial operation for military airlift command during a period of intense defense military transportation requirements. He subsequently was the Air Force's Director of Budget Operations and then the Deputy Assistant Secretary for the budget. As such he developed, justified, and executed an annual budget of over \$72 billion in support of worldwide air force operations. His record of integrity and accountability was flawless.

To conclude his distinguished career, General Bunker has commanded the Army and

the Air Force Exchange Service, a \$7 billion retail and services organization headquartered in Southwest Dallas. Under his charismatic leadership and efficient management AAFES has performed its mission exceptionally well, with earnings during his three-year tenure of over \$930 million. What is more important is that these earnings have been vital to military personnel around the world, contributing well over \$600 million to supplement the morale, welfare, and recreation programs of the Army and Air Force—thereby ensuring quality of life for service members and their families while reducing the burden of support from America's taxpayers. General Bunker's work force of 55,000 serve every day to provide soldiers and airmen value, service and support in all 50 states and 25 different countries—to include Bosnia, Haiti, Kuwait, Saudi, and Korea—significantly enhancing morale while saving them money.

Throughout his career, General Bunker has been an exceptional steward of defense resources, and his legacy of leadership and dedication deserve our admiration and praise. His numerous awards and decorations—which include the Distinguished Service Medal, two Awards of the Legion of Merit, a Bronze Star, four Meritorious Service Medals, and both Air Force Commendation and Achievement Medals—attest to his exemplary professionalism and distinguished service to our nation.

I salute Major General Doug Bunker as he retires from the United States Air Force and wish him and his lovely wife, Sarah, much happiness in their new hilltop home near Hot Springs, Arkansas.

LET CONSUMERS CHOOSE

HON. BILL PAXON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 3, 1998

Mr. PAXON. Mr. Speaker, during the arduous legislative process that created the Telecommunications Act of 1996, the Members of the Commerce Committee used the basic principle of consumer choice as our guide.

Today, responsibility for implementation of the Telecommunications Act of 1996 rests with the FCC, and I am left to wonder if the same principles that guided Congress' creation of the Telecommunications Act, are guiding the FCC in their implementation of the Act.

When the Federal Communications Commission turned down yet another State Commission's request that the local Bell company be allowed to offer long-distance, the FCC essentially said that local phone customers cannot be trusted to make wise choices. The FCC said that, if we let them, the residents of Oklahoma, Michigan, South Carolina, or Louisiana, for example, might make what the FCC thinks is the wrong decision.

In passing the Telecommunications Act of 1996, Congress wanted competition to begin in the telephone services marketplace. It's time to get all parties moving in that direction.

The free enterprise system is built on the belief that American consumers are best capable of making consumer decisions—that they can decide what is good for them a lot better than a Washington bureaucracy.

TRIBUTE TO JAMES CARROLL
PLACE

HON. MARION BERRY

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 3, 1998

Mr. BERRY. Mr. Speaker, I rise today to pay tribute to a wonderful man. The kind of man that made this country the great nation it is today. I honor James Carroll Place as he should be honored.

Mr. Jim was one of those pillars of the community that worked hard every day, played by the rules and did what ever was necessary to make himself and his community successful. At the same time he always upheld the highest standards of conduct and integrity.

His tireless work for the community to build the wonderful event that we celebrate annually in my hometown, The Coon Supper, will be long remembered.

We should all hope that his example of high standards and good conduct will be followed by the generations to come. It made no difference if it was for the church, the town, the Farmers and Businessmen's Club, friends, neighbors, or his own family, he gave his all and his best and expected no less from us all.

He was a friend and mentor to me and was a business associate for many years. We never had a dispute. His sense of fairness and honesty was exceeded only by his great good humor. He was a friend, role model, farmer, leader, father, and Christian.

Some say that the measure of success of a man is his children. If so, then Mr. Jim was successful by all standards.

He will be long remembered as the standard for, as we say in my hometown of Gillett, Arkansas, a good man.

Let us today honor this good man and the standard he set for us all.

SALUTING GUAM POWER
AUTHORITY

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 3, 1998

Mr. UNDERWOOD. Mr. Speaker, It has been more than ten weeks since typhoon Paka struck Guam, causing nearly \$400 million in damage and leaving more than 4,000 families homeless. The damage is still evident in some areas, but typhoon debris is steadily disappearing and the island is turning green again. For the most part, conditions are returning to normal, although life remains difficult for those who lost everything. But even for those enduring folks, things are improving day by day. Despite the many discomforts we continue to bear, we remain tremendously grateful that no lives were lost in this disaster. On February 16, we marked another reason for gratitude and appreciation. Just two months to the day of Paka's passing, Guam's electrical power system was fully restored.

The speed of this particular recovery is unprecedented in the annals of Guam's typhoon-prone history. It is a testament to the determination and dedication of the staff and management of the Guam Power Authority and the dozens of line crews from off-island who rushed to Guam's aid.