Ernest C. Swanson, Air Force, Captain.
Richard P. Swanson, Army, Private First Class.
Randall R. Sweet, Army, Corporal.
Richard H. Todd, Marine Corps, Sergeant.
James E. Torgeson, Air Force, Corporal.
Donald R. Torstad, Army, First Lieutenant.
Lloyd O. Twidt, Army, Corporal.
Fred L. Verant, Marine Corps, Corporal.
Merco Joe Verrant, Army, Captain.
Arthur R. Vossen, Army, Corporal.
Marvin L. Whitehead, Air Force, Corporal.
Stanton G. Wilcox, Marine Corps, First Lieutenant.
Jerome F. Williams, Army, Private.
Albert V. Wiswell, Army, Private.
Jack R. Ziemer, Army, Private First Class.
Harry R. Zupke, Army, Sergeant.
Vernie A. Zurn, Army, Sergeant

CHINA's ACCESSION TO THE WORLD TRADE ORGANIZATION—ONGOING MULTILATERAL NEGOTIATIONS

Mr. BAUCUS. Mr. President, I am very pleased that we are approaching the end of our debate on PNTR. This legislation will authorize the President to grant permanent Normal Trade Relations status to China after he certifies to Congress that the terms of China's accession to the WTO are at least equivalent to those agreed in the U.S.–PRC bilateral agreement reached last November.

Before the President can make that certification, the ongoing multilateral negotiations in Geneva must be completed, specifically, the Protocol of Accession and the Working Party Report to the WTO General Council.

China is a nation where a free market and the rule of law are in the earliest stage of development. Accession to the WTO, and our granting PNTR, are just the first steps in that process.

China's integration into the global trade community will not be completed overnight. It will take a lot of work by economic reformers in China. And it will take a lot of work by leaders in the United States and in other WTO members to ensure that China stays on course.

Over the coming years, we will have to put a lot of effort into scrutinizing closely and constantly China's compliance with its commitments. That is why earlier this year I introduced the China WTO Compliance Act. I was glad that some of the provisions in my proposal were adopted by the House. Other issues raised in my bill will be dealt with in a three-year investigation that we on the Finance Committee have requested that the General Accounting Office carry out. And that is why I support the President's request for a significant increase in the resources of the Executive Branch to monitor compliance with trade agreements.

Today, I would like to mention several issues in the ongoing negotiations in Geneva. In addition to informing my colleagues about these issues, I am also using this opportunity to remind our American negotiators and the Chinese leadership about the importance of resolving these issues properly.

Section 401 of the bill states that it is the objective of the United States to obtain, in China's protocol of accession, an annual review within the WTO of China's compliance with its terms of accession. China is a nation where a free market and the rule of law are in the earliest stage of development. The success of the WTO, by contrast, is premised on its members having relatively free markets operating against a backdrop of the rule-of-law. For China's transition to membership in the world trading community to be smooth, China will have to undertake major reforms in many areas, from intellectual property law, to customs procedure, to judicial process.

Some of this is underway. It poses a uniquely massive challenge to China and to the world trading community. Some of the issues that come up may be handled through dispute settlement. But the WTO's dispute settlement mechanism has limited resources, and a flood of China cases could overwhelm the system. Rather than deal with all of China's transition issues one dispute at a time, it is vital to deal with groups of issues as a bloc, through regular annual reviews.

China has objected to having its implementation of trade obligations reviewed every other year, which is the current demand on the table in the protocol negotiations. They want to be treated as a developing country, which means a review every four years. China has also proposed that the focus of such reviews be shifted away from China and instead look at ''abuse by any Member of any specific provisions imposed especially on China in this Protocol.''

This is absolutely unacceptable. The issue is China's implementation. If China believes that other members are abusing China-specific measures in the protocol of accession, it should challenge those practices in the dispute settlement mechanism. We cannot allow attention to be deflected from China's record.

In June, Canada offered an intriguing proposal, whereby each ''subsidiary body'' of the WTO, that is, the councils and committees that have responsibility for particular subject matters, would meet in special session at least once a year to review China's implementation of its trade obligations. We should support the Canadian proposal, which is a common-sense approach.

China has insisted for years that it should enjoy the rights and special treatment accorded to developing country members. We must continue to reject China's position on this point. China is unique. It is not simply another developing country, and it should not automatically be allowed to avail itself of developing country provisions in the WTO. China's size, the extent of state ownership, and the transitional nature of its economy and legal institutions, all should be taken into account in deciding the developing versus developed issue in particular instances. It must be on a case-by-case basis.

For example, if China automatically received developing country status for all purposes, it would receive special treatment under the subsidies agreement. Then, export subsidies and subsidies in the form of operating loss coverage would not be treated as prohibited subsidies. The burden of challenging those subsidies in the WTO would be much greater than under ordinary rules. This would be particularly troublesome, given the level of state ownership in China.

This bill contains a safeguard provision (sec. 103) that lets U.S. industries, workers, and farmers obtain relief from surges of imports from China. The provision reflects the terms of the November, 1999, U.S.-China bilateral agreement. Among its provisions is a rule that will govern the granting of relief when there is ''trade diversion''—that is, when another country provides safeguard relief from surges of Chinese goods, and the goods are then diverted to the United States.

China has proposed that ''trade diversion'' would only be considered to exist when there is clear evidence that imports are increasing ''significantly and absolutely,'' and are ''a significant cause of material injury'' to the domestic industry in the country to which the goods have been diverted.

We must reject this proposal. It is counter to our bilateral agreement in November which included none of these limitations on our taking action.

The safeguard provision, including insulation against trade diversion, is a very important feature of this bill. It ensures that if shifts in trade patterns following China's entry into the world trading system cause or threaten dislocations to American workers, businesses, and farmers, they will be able to obtain relief quickly. We must reject any efforts by China to weaken those commitments.

Under our bilateral agreement, China agreed to protect all rights acquired by American insurance companies prior to China joining the WTO. Specifically, China committed to permit existing insurance branch operations to subbranch in the future on a wholly owned basis. I understand USTR continues to work with China to correct this situation, both bilaterally and multilaterally in Geneva. I have written to Ambassador Li to make certain he understands the importance I attach to this matter. It is essential that China rectify this situation.

ESTATE TAX LEGISLATION

Mr. ALLARD. Mr. President, recently, President Clinton vetoed legislation that would have repealed the estate tax, legislation that I strongly supported. I fundamentally oppose the estate tax. I call it the ''death tax.'' This has been a concern of mine for some time now. In fact, I have previously introduced legislation that would do away with this unfair tax.

Congress has clearly demonstrated its support for easing this burden. The