

enforcement generally pushed retail shops selling pirated goods further out of the city core and away from areas frequented by tourists. Despite these improvements, more remains to be done, and an estimated 100 to 150 shops are still selling pirated U.S. products.

On the production side, 60 factories with some 200 production lines have applied or registration under a provision of the Prevention of Copyright Piracy ordinance. On-site inspections by Customs officials determined that another 19 known factories that failed to register and close during the registration period. A twentieth was closed following a raid on September 3. Trade and Customs officials have said they will inspect the registered factories regularly, including after normal working hours. In early August, the Hong Kong Government also successfully prosecuted the first illicit factory case to go to court. Although the penalties imposed by the court were relatively minor, the failure of the defendant's "no knowledge" plea set an important precedent. While there is some evidence that illicit compact disc production has been dropping, it is still too early to judge the ultimate effectiveness of the new copyright ordinance. To date, the drop in illicit production appears attributable to copyright pirates' decision to "wait and see" how strictly the ordinance will be enforced and to stepped up anti-smuggling efforts in the People's Republic of China. All sources agree that the mainland has been the primary market for Hong Kong's producers of illicit discs.

One area in which enforcement has yet to increase is in the illegal use of business software. Responding to requests from the Business Software Alliance, Trade and Industry Bureau officials say they have asked Customs to pursue cases of corporate end-users of unlicensed software and unauthorized hard-disc loading by dealers. To date, however, Customs has failed to act.

Money laundering also remains a very serious concern in U.S. bilateral relations with Hong Kong. As noted in earlier reports, the same favorable factors that make Hong Kong one of Asia's most important financial centers also make it attractive to criminals wishing to conceal the source of their funds through money laundering. It is important that Hong Kong continue to work with the international community to improve its laws and enforcement in this vital area. Hong Kong and the United States continue to make progress toward negotiation of a bilateral investment agreement based on the model text approved by China through the Sino-British Joint Liaison Group.

Another event with implications for trade was the opening of Hong Kong's new airport at Chek Lap Kok in early July. Unfortunately, the government found its self subjected to widespread criticism over the chaotic way in which the opening was handled. Cargo operations, in particular, were seriously disrupted. The problem was so severe that it could shave up to a full point off of GDP in 1998. Chief Executive Tung appointed a commission of inquiry to look into what went wrong. The commission is expected to finish its work in early 1999. The LegCo also has launched its own inquiry into the matter.

SECURITY AND RELATED ISSUES

Regarding the three primary security related issues with Hong Kong—ship visits, People's Liberation Army (PLA) activities, and export controls—the U.S. Navy continues to enjoy an excellent relationship with Hong Kong in terms of ships visit. The

relationship with Hong Kong Port authorities since the reversion has been outstanding.

The second security concern is related to the influence of the PLA and the Chinese defense industries in Hong Kong business and the possible surreptitious acquisition by the PLA of militarily sensitive technologies. The PLA garrison includes an estimated 4,700 personnel physically stationed in Hong Kong, and has a total strength of 8,000 (The remainder are based at a headquarters element on PRC territory.) The PLA has continued to keep a low profile during the quarter, raising no concerns about activities with respect to the Hong Kong population. We continue to have no evidence of direct involvement by the estimated 200 PLA-related companies in Hong Kong in acquisition of sensitive technology. Should PLA entities operating in Hong Kong be found to be engaged in arms trading or acquisition of Western technology, however, Hong Kong's relations with the U.S. would be put at risk. Such activity, or the lack thereof, will be an important determinant of congressional attitudes in the future.

Export controls are a third area of security-related concern. Once again, we are pleased to note no new incidents of export control violations to report this quarter. Hong Kong continues to exercise autonomy as a separate customs territory within China and to demonstrate vigorous enforcement of its strict export control regime. United States officials continue to conduct prelicense and post-shipment inspections. In a sign of their continued close cooperation, in July U.S. and Hong Kong customs officials held the second in a series of consultations on licensing, enforcement, and the exchange of information.

MACAO

The Portuguese colony of Macao will revert to Chinese rule on December 20, 1999, after 442 years. Like Hong Kong, this territory of 414,000 people, 95 percent of whom are ethnic Chinese, will become a Special Administrative Region with a "one country, two systems" formula for the next 50 years. As we noted in our previous quarterly report, however, a number of transition issues for Macao are very different from those faced by Hong Kong. Unlike Hong Kong, for instance, the legislature elected under colonial rule will remain in place.

While U.S. interests in Macao are not nearly as large as those in Hong Kong, they nonetheless require our continued attention. These continue to be credible reports of transshipment of textiles through Macao. Primary among our economic concerns, however, is Macao's role as a manufacturing center for pirated goods, particularly pirated compact discs. To date, Macao has yet to develop adequate legislation and enforcement mechanisms and has not dedicated sufficient manpower to tackle this problem. Macao also lacks legislation on money laundering. It is in U.S. interests to press Macao's authorities to move forward expeditiously to correct these shortcomings.

In September, China announced that it would station troops in Macao following its reversion. Macao's Portuguese administrators still have not made adequate arrangements to replace themselves with local Macanese officials and remain well behind where the British were 15 months before the reversion of Hong Kong. They have also been deficient in maintaining law and order. Incidents of gangland killings and attacks on public officials remain all too frequent, negatively affecting Macao's tourism. China and

Portugal have at times engaged in mutual recrimination about responsibility for the upsurge in criminal activity. It will be difficult for the territory to complete a smooth transition unless it brings this situation under control.

CONCLUSION

The Hong Kong Transition Task Force has ended our previous four quarterly reports with the assessment "so far, so good." Our fundamental assessment remains the same, although we have a few new concerns, particularly with respect to the economy. While we recognize that the economic crisis now affecting Hong Kong is largely beyond its ability to control, the government's response to that crisis has the potential to alter the current situation, both for good and for ill. In particular, the Hong Kong government's decision to intervene in the stock market in August, while arguably a defensible response in the face of these external economic pressures, poses some worrisome questions about how Hong Kong's economic policy may evolve in the future. We remain encouraged by the demonstration of support for democratic institutions shown in the May election, as described in our previous quarterly report. Looking ahead, we hope to see continued progress toward universal suffrage and the expansion of the number of officials chosen by direct election. Finally, we continue to be satisfied with the restraint shown by the Chinese government in its handling of Hong Kong, at least to the extent visible to outside observers. Undoubtedly, the coming months will pose additional challenges for Hong Kong and the region. It is important that the international community and Congress continue their practice of closely monitoring developments.

A TRIBUTE TO KATHRYN ANN MARIE GEORGE, COURT OF COMMON PLEAS, JUVENILE COURT DIVISION

HON. STEPHANIE TUBBS JONES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 9, 1999

Mrs. JONES of Ohio. Mr. Speaker, Kathryn Ann Marie George has spent almost 27 years as a probation officer for the Juvenile Court, most recently as a senior probation officer at the Court's Near West Field Office. She has worked with juvenile offenders and their families while they are on probation and helps the offenders comply with specific court orders in the hope that these troubled children become productive adults.

She remembers fondly the calls she has received from some families offering their thanks for her help in dealing with the child's problems. And she also numbers her co-workers among her closest friends and believes that they, like she, are "caring, good-hearted, dedicated people".

She stresses the benefit she has had of a warm and loving family, including her parents, Sam and Ann, her brothers, Sam and Mike, and her nephews, Michael and Steven, all of whom have stood by her in both good and bad times, and she hopes that her efforts can help those assigned to her in her profession with the same support she received from her family and friends.

In her spare time, she enjoys time with her family and friends, traveling to Magic Conventions and to Las Vegas, attending craft shows, making crafts, and watching movies, especially old movies, and plays. She also volunteers at her church, has been a volunteer camp counselor during her vacations and has helped other organizations at the May Dugan Center, where her field office is located.

END OUR VULNERABILITY TO
LONG-RANGE BALLISTIC MISSILE
ATTACK

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 9, 1999

Mr. SCHAFFER. Mr. Speaker, long-range ballistic missiles are the only weapons against which the U.S. government has decided, as a matter of policy, not to field a defense. Few Americans are aware the U.S. military—the most powerful, most technologically-advanced, and most lethal military force ever assembled—could not stop even a single ballistic missile from impacting American soil today.

Just last year, the bipartisan Commission to Assess the Ballistic Missile Threat to the United States, led by former Secretary of Defense Donald Rumsfeld, asserted the United States may have little or no warning before the emergence of specific new ballistic missile threats to our Nation. This, coupled with the fact some 20 Third World countries already have or may be developing both weapons of mass destruction, including nuclear, chemical, and biological weapons, and ballistic missile delivery systems, is cause for serious alarm.

Yet President Clinton and many in Congress have chosen to adopt a posture of purposeful vulnerability to these weapons. Mr. Speaker, the topic of America's national security is regularly and thoughtfully debated before Congress. However, whether our country chooses to field a national ballistic missile defense could very well determine the survival of the United States of America.

Therefore, Mr. Speaker, I hereby submit for the RECORD, the full text of the letter I recently sent to U.S. Defense Secretary Bill Cohen, urging him to join me and other Members of Congress in ending our vulnerability to long range ballistic missiles.

CONGRESS OF THE UNITED STATES

HOUSE OF REPRESENTATIVES

January 25, 1999

Hon. BILL COHEN,

Secretary of Defense,

The Pentagon, Washington, DC.

DEAR SENATOR COHEN: Our lack of ballistic missile defense is a serious and growing vulnerability extending an unwelcome invitation to ballistic missile attack from rogue nations such as North Korea. We must build a defense against long range ballistic missiles.

A majority of Americans want a ballistic missile defense, and would want to quickly build a strong defense if they understood our vulnerability. General Charles A. Horner, Air Commander in the 1991 Persian Gulf War and former commander of the U.S. Space Command, noted a majority of Americans, even after finishing a tour of NORAD's warning

complex in Colorado Springs, do not know we have no defense against long range ballistic missiles, believing instead we already have such defenses. I have found that to be the case with my constituents.

Our vulnerability to long range ballistic missiles is widely misunderstood even in Washington. A week after General Shelton claimed the Intelligence Community could provide the necessary warning of a rogue nation ICBM threat to the United States, North Korea surprised the Intelligence Community by launching on August 31, 1998 a three-stage ballistic missile with the potential of striking the western United States.

I believe we should end our vulnerability to long range ballistic missiles by vigorously building an effective ballistic missile defense employing space-based defense and accelerating Navy Upper Tier (Navy Theater Wide). Furthermore, the just purpose of saving lives requires us to end our reliance on a treaty against our defense—the ABM Treaty.

The administration's proposal to spend \$7 billion for ballistic missile defense over six years period should instead spend \$2-3 billion over three years in an accelerated Navy Upper Tier (Navy Theater Wide) program, and \$4-5 billion over three years in an accelerated program for space-based defenses, including Space Based Interceptors like *Brilliant Pebbles*.

Other proposals can build other elements of an effective, multiple layer defense. We should pursue the Space Based Laser Readiness Demonstrator, recognizing the Space Based Laser program has successfully completed ground testing of its major components. We are ready to proceed and test the Space Based Laser in space.

Clearly, our best defense against long range ballistic missiles will be in deploying space-based defenses and accelerating Navy Upper Tier (Navy Theater Wide). I urge you to build those defenses. An extensive reliance on ground-based interceptors will neither be effective nor provide the best solution for our defense.

Ground-based interceptors inherently lack the boost phase defense capability we will need to counter bomblets or submunitions carried by long range ballistic missiles. In contrast, space-based defenses offer the potential for a boost phase defense, and will complement theater missile defense programs.

It is well known China is engaged in an aggressive military modernization program including the development of the road-mobile DF-31 and DF-41 long range ballistic missiles. The United States is the likely target of these missiles. Moreover, Russia still has approximately 756 ICBM and 424 SLBMs it can launch against us.

Will you join me and the other members of Congress in the noble endeavor to end our vulnerability to long range ballistic missiles by quickly building an effective defense against long range ballistic missiles? We must defend our freedom.

Very truly yours,

BOB SCHAFFER,

Member of Congress.

Mr. Speaker, there are several other points I ask our colleagues to consider. Congress must be knowledgeable regarding the history of Spaced-Based Ballistic Missile Defenses.

Beginning with Project Defender in the late 1950s and including the Strategic Defense Initiative (SDI) begun by President Reagan and continued by President Bush as GPALS (Global Protection Against Limited Strikes), defense planners have long understood the

advantages of deploying ballistic missile defenses in space, using interceptors or directed energy weapons such as high energy lasers.

The advantages from deploying ballistic missile defenses in space accrue from inherent characteristics of orbital platforms in space. These advantages include:

Global Coverage. Constellations of orbital platforms can cover all parts of the earth, providing a defense against ballistic missiles launched by any country.

Continuous Operation. Constellations of orbital platforms provide constant coverage, every day, without the need for additional or special deployments.

Boost Phase Defense Capability. By being higher than a boosting missile rising through the atmosphere, orbital platforms have the opportunity for a boost phase defense.

A boost phase defense capability is critical for an effective ballistic missile defense. The boost phase is the most vulnerable moment of a ballistic missile. A boost phase defense can intercept a missile before it releases any warheads, decoys, or submunitions.

Space-based defenses also offer the opportunity for post boost phase defense and mid-course phase defense. Ground-based interceptors, in contrast, tend to be for terminal defense, or late midcourse phase defense. Navy Upper Tier (Navy Theater Wide) offers an early midcourse phase defense with flexible basing.

Advances in computers and sensors since the 1960s have brought us to the point of deploying space-based ballistic missile defenses. Instead of nuclear weapons, we can rely on precision guided interceptors, and rapidly re-targetable high energy lasers. In addition, we can protect space-based ballistic missile defenses against electromagnetic disturbances from nuclear explosions through hardening, the use of infrared sensors, and battle management plans able to function without centralized nodes.

GPALS is the most comprehensive ballistic missile defense architecture recently developed. It featured global protection. GPALS based its capability for global protection on the deployment of Space Based Interceptors (SBIs), and Space Based Lasers (SBLs). A program for deploying an effective ballistic missile defense must include space-based defenses as a critical component.

Long range ballistic missiles are a global problem requiring a global solution.

Mr. Speaker, if we are serious about defending our country we must insist upon Streamlined Acquisition Procedures.

Critical national defense programs have long used streamlined acquisition procedures. The Manhattan Project, combining the scientific talent and person of J. Robert Oppenheimer with the drive of General Leslie Groves, produced the atomic bomb in a few years. Air Force General Bernard Schriever successfully developed the Thor, Atlas, Titan, and Minuteman missile systems in under eight years.

Streamlined acquisition procedures are useful for both programs developing new technology, and for accelerating programs where we already have the technology in hand, but need to apply, test, and produce it. Streamlined acquisition will be important for deploying a ballistic missile defense quickly.