June 7, 1999

I thank Colonel Griswold on behalf of my district and on behalf of our nation for her wonderful service in her remarkable life.

IN HONOR OF MS. FEN LEWIS AND MS. LOIS KLAMAR FOR RECEIVING PRESIDENTIAL AWARDS

HON. DENNIS J. KUCINICH
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Monday, June 7, 1999

Mr. KUCINICH. Mr. Speaker, I rise today to honor Ms. Fen Lewis of Strongsville High School and Lois Klamar of Jamison CompuTech Center for receiving presidential teaching awards. Ms. Lewis and Ms. Klamar will receive their awards at a White House ceremony the week of June 7, 1999.

The Presidential Awards program recognizes a special group of elementary and secondary teachers for their commitment and dedication to nurturing student interest in science and mathematics. Ms. Lewis and Ms. Klamar are indeed very devoted teachers and are well deserving of these prestigious awards.

They have set an example for all teachers across the nation to follow. We need more teachers like Ms. Lewis and Ms. Klamar to help our kids strive for excellence in the classroom. The students of these two schools should be honored and proud to have these people as their teachers and role models. Both teachers are excellent representatives of their schools because of their considerable accomplishments with their students. These teachers have been presented with one of the highest honors in their field and should be given their rightful recognition. My fellow colleagues, please join me in honoring both of these outstanding teachers on receiving presidential awards.

SIXTH REPORT OF THE SPEAKER’S TASK FORCE ON THE HONG KONG TRANSITION

HON. DOUG BEREUTER
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Monday, June 7, 1999

Mr. BEREUTER. Mr. Speaker, this Member rises today to submit the Sixth Report of the Speakers Task Force on the Hong Kong Transition. It has been almost two years since Hong Kong reverted to Chinese sovereignty on July 1, 1997. Prior to that historic event, at the request of Speaker Gingrich, this Member formed the House Task Force on Hong Kong’s Transition. In addition to myself as Chairman, the bipartisan Task Force includes Representatives HOWARD BERNAN (D-CA), SHERRID BROWN (D-OH), ENI FALEOMAVAEGA (D-AS), ALCEE HASTINGS (D-FL), DON MANZULLO (R-IL), and MATT SALMON (R-AZ).

To date, the Task Force has prepared six quarterly reports assessing how the reversal has affected Hong Kong. The sixth report, which I submit today, covers the period of October through March 31, 1999, during which time this Member, as Task Force Chairman, visited Hong Kong in January 1999.

Mr. Speaker, the following is the summary of the following Task Force report for the record.

THE SPEAKER’S TASK FORCE ON THE HONG KONG TRANSITION, SIXTH REPORT

This is the sixth report of the Task Force on the Hong Kong Transition. It follows the first report dated October 1, 1997, the second report dated February 25, 1998, the third report dated February 25, 1998, the fourth report dated July 23, 1998, and the fifth report dated February 2, 1999. This report focuses on events and development relevant to United States interests in the Hong Kong Special Administrative Region (HKSAR) between October 1, 1998, and March 31, 1999, and incorporates findings drawn from the Task Force Chairman’s visit to Hong Kong in January, 1999.

Hong Kong’s ongoing economic recession marked the six months covered by this report as the consequences of the Asian Financial Crisis continued to unfold. Hong Kong’s gross domestic product (GDP) declined by 5.1 percent in real terms in 1998, its first annual contraction on record. Unemployment and trade figures were correspondingly negative. Hong Kong’s exports, despite the export authori- ties operated independently in all areas of economic decision making, and there was no evidence of any attempt to intervene by Beijing. On the Hong Kong government’s controversial August 1998 intervention in the currency, stock and futures markets turned increasingly positive as equities regained much of their lost value and the currency exchange rate held steady.

In the legal-political realm, Chinese official’s public expression of concern over a controversial decision by Hong Kong’s Court of Final Appeal raised concern about the future independence of the Hong Kong judiciary. Discussions between Hong Kong and Beijing authorities, combined with a clarification issued by the court, appeared to have succeeded in settling the matter, at least temporarily, without serious damage to the “one country, two systems” concept. The practical consequences of the court decision, which could permit a large number of persons now in China to claim the right to reside in Hong Kong, had not yet been dealt with at the end of March. The Hong Kong government’s obvious displeasure with the ruling, combined with public fears of the consequences of renewed mass immigration, led to fears that the government would seek Beijing’s assistance in rolling back the decision in a manner that would undermine Hong Kong’s judicial independence and the rule of law.

ECONOMIC DEVELOPMENTS

Hong Kong continued to suffer the negative effects of the Asian Financial Crisis, posting its fourth consecutive quarter of negative growth, as its first recession in thirteen years showed no sign of coming to a quick end. Consumer prices continued to decline and oil prices showed a downward trend. GDP dropped 5.7 percent in real terms in the fourth quarter of 1998 following a decline of 6.9 percent in the third quarter. For 1998 as a whole, Hong Kong’s GDP dropped 6.9 percent in real terms, the first annual economic contraction in Hong Kong since 1987, with GDP dropping 5.7 percent in 1998. The renewal of buoyancy in the equity markets turned the government’s August 1998 market intervention into an extremely profitable venture, with shares acquired by the government appreciating by 20 percent or more. The real estate market also showed signs of betterment. The Chinese government announced it would resume land sales in April, ending the suspension it imposed in June 1998 to reduce downward pressure on property values. Hong Kong’s hard currency reserves also remained substantial.

By the end of March, however, these encouraging signs had yet to translate into improvements in Hong Kong’s real economy. Concerns remained about Hong Kong’s continued dependence on entrepot trade and the relative lack of growth in sectors with high value-added, such as the high-tech industry. The government sought to address the latter problem by announcing an ambitious Cyberport project aimed at attracting world class information technology companies, but opinions varied as to the commercial viability of the proposal. An increasing percentage of Hong Kong’s visitors for tourism came from China (20 percent in 1999, up from 11 percent in 1998 versus 22 percent the previous year and 19 percent in 1993). Chinese visitors are believed to spend substantially less than tourists from countries such as Japan and the U.S., whose numbers have stagnated or declined over the same period. In the short term, Hong Kong’s exports (both domestic and transhipments) will probably remain depressed due to the weakened economies of some of its key trading partners and

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it's higher cost of production relative to competitors that favored "acts of defense and foreign affairs. A Court of Final Appeal, consisting of five Justices, was created on July 1, 1997, to replace the United Kingdom's High Court as Hong Kong's highest court. Since that time, the Court of Final Appeal grants Hong Kong's judicial system's future independence. The case concerned the "right of abode," that is, the right of children of legal Hong Kong residents to join their parents in Hong Kong. The CFA decided upon a generous interpretation of the provisions of the Basic Law concerning the right to reside in Hong Kong to all children of legal Hong Kong residents, regardless of whether the children are legitimate or illegitimate. In 2000, the Legislative Council (LegCo) had decided not to grant immediate amendment of the Basic Law to provide for direct election of the full LegCo. The CFA concluded that both the terms of office and the general public interest, rather than a particular political process, demanded that the Basic Law be interpreted generously. The CFA's decision on the Basic Law's interpretation of the "right of abode" was upheld by the Court of Final Appeal in its decision of June 7, 1999.
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to any act which is in accordance with the provisions of the Basic Law and the procedures therein.

The Hong Kong Government’s decision to request the clarification of the cause of the current situation is based on its belief that the autonomy of the Hong Kong’s judicial system, the Chief Executive, and the court’s judges should be preserved. The request is not intended to undermine the independence of the judiciary or to interfere with the court’s decisions.

In conclusion, the general consensus appears to be that the CFA’s clarification in Hong Kong continued to enjoy broad support from the public, and the Hong Kong media reported that the government had decided to introduce a draft law to implement the decision. The draft procedures to implement the decision were drawing criticism from some quarters, but the government has decided to proceed with the implementation of the decision.

Another emerging area of concern is that of the prosecution of individuals in China for crimes committed in Hong Kong. The subject of the prosecution of individuals in China for crimes committed in Hong Kong is in accordance with the provisions of the Basic Law, or seeking an interpretation of the execution in China of two persons, one a Chinese citizen and the other a Chinese national.

The Hong Kong Government announced plans to appeal the Hong Kong’s territorial authority of the courts. The extension of the Basic Law to the Hong Kong region is in accordance with the provisions of the Basic Law, and the appeal was based on the principle of the rule of law.

The Chinese authorities are neither informed of nor consent to the government’s decision to appeal the ruling. The Chinese authorities continue to conduct regular pre-license and post-shipment inspections of dual-use licensing processes. In addition, the government’s exclusive purview of export control decisions. Chinese officials have explicitly recognized that the export control matters fall within the province of the U.S. This domestic support for export controls within the Hong Kong region is in accordance with the provisions of the Basic Law, and the appeal was based on the principle of the rule of law.

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this process to divert U.S. technology to China. The Task Force Chairman raised this concern with Hong Kong officials during his visit in January, 1999, and U.S. Government officials have raised it as well.

**MACAU**

Preparations continue for the reversion of Macau to Chinese sovereignty on December 20, 1999, after 442 years as a colony of Portugal. Macau, with its 414,000 residents, will become a Special Administrative Region under the “one country, two systems” formula for the next 50 years. As we noted in our previous quarterly report, the pace of preparation for the transition has been uneven and a number of key elements have yet to be resolved. One factor impeding progress appears to be Portugal’s unhappiness with China’s unilateral announcement in September 1998 that it planned to station PLA troops in Macau following the reversion. The Portuguese maintain that there is no room for such a garrison in cramped Macau, and that in previous negotiations on the joint declaration concerning Macau the Chinese had agreed no PLA presence was necessary.

On March 19, Portuguese President Jorge Sampaio met in Macau with Chinese President Premier Qian Qichen. Sampaio indicated it was possible negotiations could be prolonged up until the moment of the hand-over, and warned he might not attend the ceremony itself if a satisfactory agreement was not reached. Among other important matters still to be settled are the structure of Macau’s court of final appeal; the eligibility of certain ethnically Chinese Macau residents for the new IPR legislation implementing Macau’s accession to the International Covenant on Civil and Political Rights and the International Convention on Economic, Social, and Cultural Rights; and whether Portuguese will enjoy equal status with Chinese as Macau’s official languages. In March, the initial steps were taken toward creation of the Preparatory Committee for the Legislature. A selection committee empowered to select Macau’s first post-reversion Chief Executive was named during the April meeting of the Preparatory Committee of the Macau Special Administrative Region. On May 15, Edmund Ho, a 44-year-old banker and son of a well-known Macau community leader was selected to be the Chief Executive. He will take office on the date of Macau’s reversion to Chinese sovereignty on December 20, 1999.

While U.S. trade volume with Macau is relatively small, 40 percent of Macau’s exports go to the United States. Eighty percent of Macau’s total exports consist of textiles, and the U.S. Government has long been concerned about the potential that textiles produced elsewhere are being transhipped through Macau, which is a free trade port. In addition, the U.S. mission in Macau has expressed concern that some businesses are violating laws related to trade include a lack of effective legislation and enforcement mechanisms in the areas of money laundering and export control to correct the current troubling view of widespread reports that North Korean operatives currently use Macau as a transit point for shipments of counterfeit U.S. currency.

Finally, problems remain with the overall climate of law and order. Gangland killings and drive-by shootings continue to negatively affect Macau’s image and tourism industry. Responsibility for the high levels of criminal activity have at times been a point of contention between China and Portugal. A failure to bring about improvements in this area could cause more overt action by Beijing following Macau’s reversion, with potentially harmful consequences to the autonomy of the Government of Macau.

**CONCLUSION—STILL SO FAR, SO GOOD, WITH SOME NEW CONCERNS**

In the months prior to Hong Kong’s return to Chinese sovereignty in July 1997 in accordance with the rule of law, there were extreme views that would rapidly move to undermine the relatively open political system and the free market economy of Hong Kong. A great suspicion that the Chinese-appointed Provisional Legislative Council would undermine all of the democratic principles that Hong Kong had enjoyed for many years, amongst other things, press freedom and freedom of assembly would be radically curtailed, and that the People’s Liberation Army garrison would rapidly interact itself into Hong Kong affairs. Critics also warned that mainland financial interests would rapidly move to manipulate and control the then vibrant Hong Kong economy.

More than twenty months after the reversion, these fears have proven to be unfounded, up to this point. Hong Kong residents have retained the basic freedoms that they enjoyed under British rule. Although buffeted by the Asian Financial Crisis, the business community and the Government, appear united in their desire to keep Hong Kong’s market as free as possible. The PLA troops have kept to their barracks, and Beijing has repeatedly displayed a disinclination to involve itself in Hong Kong’s internal affairs. Although many voices have arisen within Hong Kong, particularly between the Government and opposition legislators to date informed observers see no evidence of any intention by China to violate the tenets of the Basic Law and the “one country, two systems” concept.

This is not to say that there is no cause for further concern. As we have noted in this report, the current crisis over the Court of Final Appeal’s decision on the right of abode has the potential to undermine confidence in Hong Kong’s future judicial autonomy and the rule of law. Courts consideration of the long range implications of any action aimed at addressing the practical implications of the ruling is clearly appropriate. Indeed, open communication between the Government and the Legislative Council could make a significant contribution to the achievement of a solution, as was seen when a broad public consensus on Hong Kong’s future political development. Trade related issues, including IPR piracy and money laundering, also deserve attention. The renationalization of the excellent export control system is intact, but attention to the potential loophole afforded by cross-border PLA vehicle movements is also needed. It is also critical for the continuation of its practice of monitoring developments in these and other areas.

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**THE EXPORT ENHANCEMENT ACT OF ILLINOIS**

**HON. DONALD A. MANZULLO OF ILLINOIS**

The House of Representatives Monday, June 7, 1999

Mr. MANZULLO. Mr. Speaker, I was pleased to introduce on May 6th, a resolution with Representatives Bob Menendez, Ben Gilman, Sam Gejdenson, and 44 other Republican and Democrat Members of Congress the Export Enhancement Act of 1999.

We are all concerned about the recent anemic export performance of the United States and the ballooning U.S. trade deficit. While this legislation is not a cure-all for this problem, it provides one tool in the effort to promote U.S. exports abroad.

This legislation would reauthorize most commercial export promotion programs of the U.S. government in the past. And, unlike most government private sector activities, the Export-Import Bank (Eximbank), the Overseas Private Investment Corporation (OPIC), the Trade and Development Agency (TDA), and the export promotion functions of the International Trade Administration (ITA) at the Department of Commerce.

First, this legislation re-authorizes OPIC for four years and does not raise OPIC’s liability ceiling. For 27 years, OPIC has been the U.S. government agency providing political risk insurance and financing for projects that help America compete abroad and promote stability and development in strategic countries and economies around the world.

OPIC’s political risk insurance covers three main areas where the government has a proper role to influence—expropriation (loss of an investment due to nationalization or confiscation by a foreign government), currency inconvertibility (inability to remit profits from local currency to U.S. dollars); and political violence (loss of assets or income due to war, revolution or politically-motivated civil strife, terrorism or sabotage).

Since 1971, OPIC supported projects have generated $58 billion in U.S. exports and created more than 237,000 American jobs. Over the last five years, OPIC supported projects will buy about $1 billion worth of goods and services from Illinois suppliers, half of which are small firms, which will create over 3,100 new Illinois jobs. Illinois companies like Colicraft Inc. of Cary; Oak Industries of Crystal Lake; ESI Limited, the Nylint Corporation, the Barber-Coleman Company, and the Clinton Electronics Corporation of Rockford have all used and benefited from OPIC services in the past. And, unlike most government private sector programs, OPIC operates totally on a user-fee self-sustaining basis at no cost to the taxpayer. OPIC is estimated to bring in $204 million in revenue to the U.S. Treasury next year.

In response to Congressional input, OPIC has undertaken a series of initiatives since its last reauthorization. These include new initiatives in Africa, Central America, the Caribbean, and the Caspian Basin. In addition, OPIC has stepped up efforts to help more small businesses enter the global economy. As Chairman of the Small Business Exports Subcommittee, I held a hearing last month examining the new small business outreach efforts by OPIC. OPIC is particularly important for small business exporters because unlike...