

member countries that should benefit from such designation, general note 4(a) to the HTS is to be modified as set forth in a notice or notices that the USTR shall cause to be published in the *Federal Register*. Such notice or notices should direct the insertion in general note 4(a) of the title of the association and the names of those member countries that should be treated as one country for purposes of title V of the 1974 Act, and should specify the effective date of such designation.

(10) Any provisions of previous proclamations and Executive orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

(11)(a) The modifications made by Annex I to this proclamation shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after July 1, 1998.

(b) The action taken in Annex II to this proclamation shall be effective on the date of signature of this proclamation.

(c) The modifications made by Annex III to this proclamation shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the dates set forth in such Annex.

(d) The modifications made by Annex IV to this proclamation shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after a date to be announced in the *Federal Register* by the USTR.

(e) The modification made by Annex V to this proclamation shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the date of signature of this proclamation.

**In Witness Whereof**, I have hereunto set my hand this thirtieth day of June, in the year of our Lord nineteen hundred and ninety-eight, and of the Independence of the United States of America the two hundred and twenty-second.

**William J. Clinton**

[Filed with the Office of the Federal Register, 8:45 a.m., July 2, 1998]

NOTE: This proclamation was released by the Office of the Press Secretary on July 1, and it was published in the *Federal Register* on July 6.

## **Remarks to Business Leaders in Shanghai**

*July 1, 1998*

Thank you very much. Thank you. Ladies and gentlemen, thank you for your warm welcome, and let me begin by thanking Charles Wu for inviting me here today. I am honored to be joined not only by Secretary Daley but by Secretary Albright and Ambassador Barshefsky, from whom you have already heard, and the distinguished congressional delegation and our fine Ambassador, Jim Sasser.

It is fitting that the American Chamber of Commerce here in Shanghai is the fastest growing one in Asia. Over the past 24 hours or so, I've had the chance to see examples of the kind of ingenuity and energy of those who live and work here, from the magnificent examples of architecture and culture to the people.

Yesterday I hosted a discussion with a range of Chinese leaders in academia, in law, in the media, in culture, and nongovernmental organizations, all working to create a more responsive, open, decentralized society. And also yesterday some of you may have heard the radio call-in show that I had, where the mayor joined me. It was very much like call-in shows in America. People were concerned about quite immediate issues by and large. My favorite caller said he did not want to talk to the President, he wanted to talk to the mayor about traffic issues. [Laughter]

One of the greatest American politicians in the last 50 years, the late Speaker Tip O'Neill, once told all of our Democrats in the House that all politics was local. That's the most extreme expression I've seen in a long time, and I liked it very much.

Later today I will have the opportunity to speak with several new entrepreneurs and to families who have recently moved into their own home for the first time. All of this to me has been very, very encouraging. Many of you have helped to nurture Shanghai's success and in so doing, have helped to nurture China's ongoing evolution to a more open,

stable, and prosperous society. Your presence in Shanghai is vitally important for the future of China and the United States and the larger world.

China has, of course, been one of our largest trading partners. They bring more jobs, better pay, more growth, greater prosperity back home to the American people. In the 21st century more than ever, our ability to compete in foreign markets will be a critical source of our strength and prosperity at home. We have, after all, in the United States just 4 percent of the world's population, but we produce 20 percent of its wealth. Clearly we must do something with the other 96 percent of the people on this small planet in order to maintain our standard of living and our ability to stand up for our values around the world.

We especially must reach out to the developing world, whose economies are projected to grow at 3 times the rate of the developed economies over the next 20 years, including, of course, the largest country, China.

America, as Secretary Daley has said, has been very blessed these last 5½ years. I am grateful to have had the chance to serve, and I'm very grateful for the support I have received from the Members of Congress here in this audience and, even more importantly, for the work the American people have done to bring our country back, bring our country together, and move our country forward.

But it is very important to note that a big part of all those numbers that Secretary Daley read off was the expanding, vigorous American presence in foreign markets. About 30 percent of the growth that produced those 16 million new jobs and the revenues necessary to balance the budget for the first time since 1969 and run a surplus came from expanded trade. And it is a cause we must keep at.

I also want to say that in addition to the positive impacts you have on the United States, your work here has a very positive impact in China. China's 20-year track record of unprecedented growth has been fueled in part by foreign products, know-how, investment, trade, and energy. These ties also have more subtle and perhaps more profound, long-lasting effects. They strengthen the rule of law, openness, and accountability. They

expose China to fair labor practices and stronger environmental standards. They spread powerful agents of change, fax machines and photocopiers, computers and modems.

Over time, the more China enters the world community and the global economy, the more the world will strengthen freedom and openness in China. You are in the vanguard, therefore, of an historic process.

Our commercial relationship has also helped to strengthen and in turn has been strengthened by expanding diplomatic cooperation between our nations. I will do everything I can to encourage stronger trade ties between the United States and China. Just before my departure, the House Ways and Means Committee voted overwhelmingly in favor of normal trade treatment for China, MFN. I hope the rest of Congress soon will follow suit. Failure to renew that would sever our economic ties, denying us the benefits of China's growth, endangering our strategic partnership, turning our back on the world's largest nation at a time when cooperation for peace and stability is more important and more productive than ever.

China and, indeed, Shanghai face major challenges in advancing economic progress beyond the present point; we all know that—more restructuring of state-owned enterprises, developing a transparent legal and regulatory system, preserving the environment as the economy grows, building a strong financial system, opening markets, playing a responsible role in sustaining the international financial system.

The United States is prepared to work with China in meeting these challenges because the success of China will affect not only the Chinese people and Chinese prosperity but America's well-being and global stability as well.

First, restructuring state enterprise is critical to building a modern economy, but it also is disrupting settled patterns of life and work, cracking the Iron Rice Bowl. In the short term, dismantling state enterprises puts people out of jobs—lots of them—and into competition for employment for private jobs. Those who lack the right education, skills, and support risk being left behind here, as they do, I might add, in the United States

and other countries undergoing changes because of the global economy and the information age.

China will have to devise new systems of training workers and providing social benefits and social security. We have asked our Council of Economic Advisers, the Treasury, Commerce, and Labor Departments to share their expertise and experiences with Chinese to help them navigate this transition.

Second, China is working to put in place a more transparent and predictable legal and regulatory system, with enforceable rights, clear procedures, and strong efforts to combat corruption. I am pleased that American businesses have pledged financial support for the rule of law initiative President Jiang and I have launched. It is terribly important. It will improve legal education and judicial training in China, streamline the regulatory system, and improve legal aid for the poor. Just as important, it can be the basis for strengthening the protection of personal rights and constraining arbitrary government. We've also initiated a dialog between our labor ministers that will address worker rights. I challenge you to set a good example here to show that respect for core labor standards goes hand in hand with good and successful business practices.

Third, as we go forward we must ensure that economic development does not lead to environmental catastrophe. Respiratory illness from air pollution is now China's number one health problem. Every major body of water is polluted. The water table is dropping all over the country. China is about to assume the unfortunate distinction of replacing the United States as the largest emitter of greenhouse gases that are dangerously warming our planet.

Increasingly, pollution at home, whether in China or the United States or elsewhere, becomes a worldwide environmental problem, as well as health, environmental, and economic problem for people in their home countries. Climate change is a real and growing issue. The 5 hottest years recorded on the planet since 1400 have all occurred in the 1990's. If present trends continue, 1998 will be the hottest year ever recorded.

Now, unfortunately, it is still the dominant opinion in virtually all developing coun-

tries—and I might add, in many sectors of the United States, including among many in the Congress—that there is an iron, unbreakable link between economic growth and industrial age energy practices. If that is the link, we can hardly expect decisionmakers in countries with a lot of poor people trying to come to grips with the enormous changes of the global economy to do anything other than either deny the environmental problems or say that their children will have to fix them. Happily, it is not true. It is simply not true.

We have example after example after example of countries whose economies are doing well as they adopt more sensible environmental and energy practices and companies in the United States who are making a significant share of their profits through conservation and the implementation of new technologies, everything from simple initiatives, like using more natural gas, using better lighting and insulation material, use of waste heat from power generation facilities to provide heating, cooling, and lighting, and about to be widely available, fuel injection engines which will cut pollution from automobiles by 80 percent.

All these things are available. Shanghai could be the center of an energy revolution in China which would actually lead to faster economic growth, less resources invested in cleaning up the mess later, and less resources invested in taking care of sick people who won't get sick if more is done to preserve the environment.

But we have to do something to break the idea in people's minds that the only way to grow the economy of a developing country is to adopt industrial age energy use patterns. It is not true; it is a huge problem. It is still a problem in the United States, and I ask you to lead the way.

All the evidence is, if you look at the record of our country going back to 1970, every time the United States has adopted higher environmental standards, businesses have created new technologies to meet them, and we have actually had faster economic growth with better and better paying jobs as a result. This is something we will have to do together.

I am pleased that the energy and environment initiative we launched last October has

begun already to yield concrete clean energy and clean air projects, which I'll have an opportunity to talk about more tomorrow in Guilin. But I wanted to take this opportunity to ask all of you to try to change the thinking because I have no right as President of the United States to ask China to slow its economic growth. I don't have a right to do that. But as a citizen of the world and the leader of my country, I have a responsibility to ask us all to work together for a planet that our grandchildren can still enjoy living on. And so do you.

Fourth, you know better than I that China faces significant challenges in strengthening its financial and its banking systems. America learned some hard lessons from our savings and loan crisis in the 1980's. The Asian financial crisis today demonstrates the havoc a weak and inadequately supervised banking system can create. We want to help China avoid similar errors by improving regulations, opening to foreign competition, training bank supervisors and employees, and in the process, I might add, developing the capacity to fund more private entrepreneurs in small businesses.

Fifth, as you are well aware, China's economy still is burdened with complicated and overlapping barriers. More open markets are important to the United States, which buys today about a third of China's exports and, in turn, should have a fair shot at China's markets. It is important to China as it builds an economy that must compete globally. In America, as in China, rapid change and the disruptions it brings make it tempting to turn inward and to slow down. But for China, as for America, the promise for the future lies in helping our citizens to master the challenges of the global economy, not to deny them or run away from them.

President Jiang and I agree on the importance of China's entry into the World Trade Organization. But that can only happen on strong terms, the same terms that other nations of the world abide by to benefit from WTO membership. Of course, there will have to be an individual agreement that recognizes the transitions China must undertake, but the terms have to be clear and unambiguous.

I'm disappointed that we didn't make more progress on this issue, but we'll keep working at it until we reach a commercially viable agreement. I also want to emphasize something I'm sure every Member of Congress here would agree with, which is that we cannot build support for permanent MFN for China in the Congress on the basis of anything less.

Finally, China must help to meet the challenge of an international financial system with no respect for borders. I must say that I appreciate the very constructive role China has played in promoting financial stability in the region, through direct assistance, multilateral cooperation, participation in the international financial institutions. Premier Zhu and President Jiang told me China is determined to play its part in avoiding another round of competitive devaluations, which I believe would also be damaging to China, as well as to the region.

Both our countries have important responsibilities to counter the threat to the international financial system, and I am confident that working together, we can do so. Of course, we have work to do to meet all these challenges, but you can help, as I'm sure you know, explaining to Chinese colleagues the important and tangible benefits in the information age of increasing individual freedom, and limiting arbitrary governmental decisions.

It isn't simply a philosophical matter that no one has a monopoly on the truth. If you look at what is driving the information age, it is ideas. The Chairman of the Federal Reserve, Alan Greenspan, was having a conversation with me several weeks ago, and he told me something that I didn't know—he usually tells me something I don't know when I visit with him—[laughter]—but he said that, actually, economists had measured the physical size of national output and compared changes in GNP or GDP with changes in physical size. He says that in the last 15 years, while America's income has gone way up, the bulk of what we've produced has hardly increased at all. Why? Because wealth is being generated by ideas.

That will become increasingly true everywhere. In that kind of world we must all value the ability of people to think and speak

and explore and debate, not only because it is, we believe in America, morally right but because it is the only thing in the end that will actually work to maximize the potential of the people of China. And they deserve a chance, after so much struggle and so much hard work, to live up to their potential and to see their nation live up to its potential.

I also believe it is important to explain to American colleagues and friends back home the importance of our engagement with China. There are some people who actually question whether I ought to have come on this trip and who had, I thought, prescriptive advice, which would have completely undermined the effectiveness of the trip.

It is important for Americans to remember, as we go around the world telling people that no one has a monopoly on the truth, that we don't either. And that we live in a world where the unique position of the United States as the world's remaining military superpower, with all of our economic strength, is such that we can maximize our influence only by reaching out a hand of co-operation as well as standing strong when the moment requires it.

We have to make most of our progress with most people by working with them, and that requires us to seek to understand and communicate and reciprocate and to live by the values we espouse.

So I hope you will do both these things. I hope you will bring energy and commitment to these tasks. I hope you will be immensely successful at what we call your day job as well, because we have a lot to do to help America and China reach their full potential in the 21st century. But a great deal is riding on our success, and I believe we will succeed.

Thank you. Thank you very much.

NOTE: The President spoke at 9:37 a.m. in the Atrium of Portman Ritz Carlton. In his remarks, he referred to Charles Wu, president, American Chamber of Commerce; Premier Zhu Rongji and President Jiang Zemin of China.

## **Interview With Central China Television in Shanghai**

*July 1, 1998*

### **President's Visit to China**

**Q.** Mr. President, we are very honored to have this opportunity to talk to you, now that your trip in China is almost halfway. And I guess you have gained a clearer picture of today's China and what it is all about. So we noticed that when you visit China, you chose Xi'an as the first stop. Can you tell us why you decided to visit Xi'an first, in your first trip ever to China?

**The President.** I wanted to start with a place that embodied the history of China, the culture of China, the permanent character, if you will, for the Chinese people. And I did it for personal reasons, because I think it's always helpful for me to understand where people are and where they're going—if you understand where they come from.

But I also did it because I knew the American people would see this. And one big goal of this trip for me was to have the American people learn more about China and the Chinese people learn more about America. So that's why I went to Xi'an first.

### **Eastern and Western Philosophies**

**Q.** Now, Mr. President, speaking of Xi'an, I remember at your speech at the Xi'an airport you quoted "Li Shi," which is an ancient Chinese philosophy book. Now, in your opinion, based on the several days of observation you've had in China, do you think there's still a difference between Eastern and Western philosophy? And if so, how can these two philosophies cohabitate with each other in the world today?

**The President.** Oh, I think there are some differences. Western philosophy is probably somewhat more explicitly individualistic. And much Western philosophy is rooted either in the religious tradition of Judaism and Christianity, or in kind of the materialist tradition. But still, I think at bottom the best of Western and Eastern philosophy attempt to get at the truth of human life and human nature and attempt to find a way for people to live