

# Clinton Backs Chinese Trading Privilege

## Request of Year's Extension Kicks Off Debate Likely To Divide Capitol Hill

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WASHINGTON—President Clinton officially opened the annual debate over renewing China's "most favored nation" trading status with the U.S., recommending a one-year extension.

Mr. Clinton's recommendation had been widely expected. Under the law, the

### Trading Places

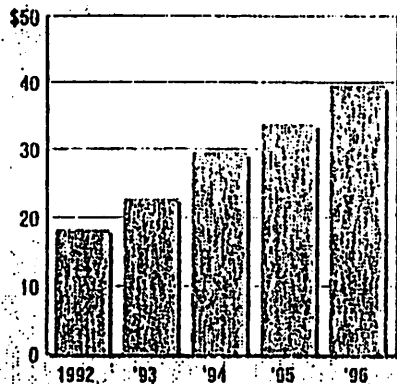
As China removes trade barriers in its bid to join the World Trade Organization, its ubiquitous bureaucracy puts up new ones. Article on page A16.

president has until June 3 to decide whether to recommend extension of China's "most favored nation" trading status. Yesterday's announcement, made during a speech to business leaders here, triggers what will be a divisive congressional debate over China.

Anticipating that debate, Mr. Clinton said, "The United States has a huge stake in the continued emergence of China in a way that is open economically and stable politically. Of course, we hope that it will come to respect human rights more and the rule of law more, and that China will work

### Doubling the Deficit

U.S. trade deficit in goods and services with China. In billions



Source: Bureau of Economic Analysis, Balance of Payments Division

with us to secure an international order that is lawful and decent."

Mr. Clinton added that "If we were to revoke normal trade status, it would cut off our contact with the Chinese people and undermine our influence with the Chinese government."

Congress has 90 days to decide whether to vote a resolution of disapproval. If both houses vote to reject the extension, Mr. Clinton could veto their action. Lawmakers then would have to override the veto by a two-thirds majority. Barring some dramatic development in China, or in Sino-U.S. relations, it is highly unlikely that Congress would muster the margin needed to override.

Meanwhile, some of the strongest opponents of the extension of China's trade rights are poised to fire back tomorrow. At a Capitol Hill news conference hosted by Democratic Rep. Nancy Pelosi of California and GOP Rep. Frank Wolf of Virginia, representatives of organized labor and Christian groups plan to announce that they will work together to push for revocation of MFN.

The participants will include the National Conference of Catholic Bishops and the Family Research Council, a conservative Christian group with a significant organized grass-roots following.

A congressional aide said that the coalition will criticize President Clinton's China policy, which seeks to influence Beijing's behavior through commercial engagement, as well as China's human-rights record and its ballooning trade deficit with the U.S.

That trade deficit is likely to remain stubbornly high, according to a study scheduled to be released today by the Federal Reserve Bank of New York. The study, by two economists in the bank's international research department, concludes that in order to narrow the nearly \$10 billion trade gap, U.S. exports to China would have to grow four times as fast as Beijing's sales to the U.S. — a prospect the study calls "an unlikely scenario."

The red ink with China accounts for about one-quarter of the overall U.S. trade deficit, only slightly smaller than the 30%

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## Chinese Trade Status Should Be Extended A Year, Clinton Says

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portion accounted for by Japan. The trade deficit with China also is a potent political force. Organized labor and its allies assert that the gap offers highly visible proof that China's unfair trading practices cost Americans jobs. That message is also being pushed by House Minority Leader Richard Gephardt of Missouri, who may challenge Vice President Al Gore for the Democratic presidential nomination in 2000.

In addition to trade issues, the entry of Christian conservative groups has focused this year's debate on religious persecution in China. Gary Bauer, president of the Family Research Council, has organized a letter-writing and television advertising campaign calling trade with China immoral. "My sense is that there's significant erosion in the pro-MFN position" in Congress, Mr. Bauer said in an interview last week.