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FM SECSTATE WASHDC
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS IMMEDIATE
USIA WASHDC PRIORITY 0000
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AMCONSUL SURABAYA IMMEDIATE

INFO AMEMBASSY LONDON PRIORITY
AMEMBASSY PARIS PRIORITY
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USCINCPAC HONOLULU HI PRIORITY
COMUSKOREA SEOUL KS//CC/BJ/CJ/EJ/PAJ/SJS// PRIORITY
CHJUSMAG SEOUL KS PRIORITY
SACINCUNC KS PRIORITY
USCINCUNC SEOUL KS PRIORITY
CINCPACFLT HI PRIORITY
JOINT STAFF WASHDC PRIORITY 0000

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USIA FOR EA; TOKYO FOR YAMAUCHI; MOSCOW FOR ANDERTON

E.O. 12958: N/A
TAGS: OPRC, XE, US
SUBJECT: JANUARY 12, 1998 PRESS GUIDANCES FOR THE EAP
REGION

ALL POSTS -- ALSO FOR USIS
SEODEF -- ALSO FOR OASD/PA
USCINOPAC FOR FPA TEARE
USVIENNA FOR UNVIE
BEIJING PASS CHENGDU

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2. THE FOLLOWING Q AND A'S WERE PREPARED ON 1/12/98 AS "IF ASKED" GUIDANCE BY THE WHITE HOUSE FOR USE IN BACKGROUNDING THE MEDIA.

3. ASIA FINANCE

ECONOMIC IMPACT

Q: WHAT IS YOUR ASSESSMENT OF THE IMPACT OF THE ASIAN ECONOMIC CRISIS ON AMERICA'S ECONOMY?

A: THE FUNDAMENTALS OF THE AMERICAN ECONOMY ARE EXCEPTIONALLY GOOD. GROWTH IS STRONG, WAGES ARE RISING, PRIVATE INVESTMENT IS BOOMING, INFLATION IS LOW, THE FEDERAL DEFICIT IS ON TRACK TO BE ELIMINATED, AND UNEMPLOYMENT LAST YEAR HIT ITS LOWEST LEVEL IN 24 YEARS.

AND THERE IS EVERY INDICATION THAT U.S. ECONOMIC PROSPECTS REMAIN STRONG. JUST LAST WEEK, WE LEARNED THAT THE ECONOMY
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ADDED ANOTHER 370,000 NEW JOBS, BRINGING THE TOTAL NUMBER OF JOBS CREATED SINCE I TOOK OFFICE TO 14.3 MILLION.

AT THE SAME TIME, THE WORLD ECONOMY IS INCREASINGLY INTERCONNECTED AND RESTORING CONFIDENCE AND STABILITY IN ASIA IS VERY MUCH IN OUR LONG-TERM ECONOMIC AND NATIONAL SECURITY INTERESTS. THAT IS WHY THE UNITED STATES HAS BEEN AT THE CENTER OF THE INTERNATIONAL EFFORT TO REESTABLISH STABILITY AND CONFIDENCE IN THE REGION AS SOON AS POSSIBLE.

(IF PRESSED)

Q: BUT EXACTLY HOW MUCH LOWER WILL GROWTH BE BECAUSE OF THE ASIAN CRISIS?

A: THE WORLD ECONOMY IS INCREASINGLY INTERCONNECTED, AND

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RESTORING CONFIDENCE AND STABILITY IN ASIA IS VERY MUCH IN OUR LONG-TERM ECONOMIC AND NATIONAL SECURITY INTERESTS.

THAT IS WHY WE ARE WORKING TO RESTORE CONFIDENCE AND STABILITY IN THE REGION.

INDONESIA

ECONOMIC PRESCRIPTION

Q: IS INDONESIA ON THE BRINK OF ECONOMIC COLLAPSE? WHAT MESSAGE WILL DEPUTY SECRETARY SUMMERS BE DELIVERING TO THE INDONESIAN GOVERNMENT?

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A: INDONESIA IS EXPERIENCING FINANCIAL DIFFICULTIES THAT THE IMF PROGRAM IS DESIGNED TO ADDRESS. AS PART OF THAT PROGRAM, THE INDONESIAN GOVERNMENT HAS AGREED TO IMPLEMENT A SERIES OF MEASURES TO REFORM AND CLEAN UP ITS FINANCIAL SYSTEM, TO ADJUST MONETARY POLICY, TO CONTROL PUBLIC INFRASTRUCTURE SPENDING, AND TO STEM CORRUPTION.

LET'S REMEMBER THAT INDONESIA IS A COUNTRY WITH UNDERLYING ECONOMIC STRENGTHS THAT CAN PROVIDE A FOUNDATION FOR RENEWED ECONOMIC GROWTH.

WE BELIEVE THAT VIGOROUS AND SUSTAINED IMPLEMENTATION OF THE REFORMS AGREED BY INDONESIA IN CONJUNCTION WITH THEIR IMF PROGRAM OFFERS THE BEST PROSPECTS FOR RESTORING CONFIDENCE. DEPUTY SECRETARY SUMMERS IS IN INDONESIA TODAY AND WILL BE AFFIRMING THAT MESSAGE.

IMPLEMENTATION OF REFORM COMMITMENTS

Q: HOW DO YOU JUDGE WHETHER INDONESIA IS CARRYING THROUGH ON ITS POLICY COMMITMENTS?

A: THE IMF HAS THE FIRST LINE OF RESPONSIBILITY FOR EVALUATING COMPLIANCE WITH IMF PROGRAMS. THE IMF TEAM IS IN CONSTANT CONTACT WITH THE INDONESIAN AUTHORITIES TO SUGGEST WAYS THAT POLICY IMPLEMENTATION CAN BE STRENGTHENED.

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STANLEY FISCHER FROM THE IMP MET WITH PRESIDENT SOEHARTO TODAY, AND MANAGING DIRECTOR CAMDESSUS WILL BE IN JAKARTA THURSDAY.

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IN ADDITION, WE ARE IN REGULAR CONTACT BOTH WITH THE IMP TEAM AND THE INDONESIAN AUTHORITIES. DEPUTY SECRETARY SUMMERS IS IN INDONESIA TODAY TO EMPHASIZE THE IMPORTANCE

OF IMPLEMENTING THE ECONOMIC REFORM MEASURES ADOPTED BY INDONESIA.

STABILITY OF SOEHARTO GOVERNMENT

Q: IS THE U.S. CONCERNED ABOUT THE STABILITY OF THE SOEHARTO GOVERNMENT? DO YOU BELIEVE SOEHARTO SHOULD STEP

DOWN? INDONESIA IS EXPERIENCING FINANCIAL DIFFICULTIES THAT THE IME PROGRAM IS DESIGNED TO ADDRESS. VIGOROUS AND SUSTAINED IMPLEMENTATION OF THE REFORMS AGREED BY INDONESIA IN CONJUNCTION WITH THEIR IMF PROGRAM OFFERS THE BEST PROSPECTS FOR RESTORING CONFIDENCE.

UNDER PRESIDENT SOEHARTO'S LEADERSHIP, INDONESIA HAS ENJOYED A PERIOD OF REMARKABLE ECONOMIC ACHIEVEMENT. AND PRESIDENT SOEHARTO HAS PROVIDED IMPORTANT LEADERSHIP IN THE DEVELOPMENT OF ASEAN AND IN THE REGION.

A PRESIDENTIAL ELECTION IS SCHEDULED FOR MARCH. THE QUESTION OF WHETHER OR NOT PRESIDENT SOEHARTO SHOULD SEEK RE-ELECTION IS A MATTER FOR HIM TO DECIDE, AND THE CHOICE OF INDONESIA'S LEADERSHIP IS A MATTER FOR THE INDONESIAN PEOPLE.

REGIONAL COLLAPSE

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Q: WHAT IS YOUR ASSESSMENT OF THE FINANCIAL SITUATION IN ASIA? ARE YOU CONCERNED IT MIGHT SPIRAL OUT OF CONTROL?

A: SEVERAL ECONOMIES IN THE REGION ARE EXPERIENCING SERIOUS FINANCIAL AND ECONOMIC DIFFICULTIES. THE ASIA-PACIFIC REGION IS IMPORTANT TO US; WE HAVE SUBSTANTIAL ECONOMIC AND SECURITY INTERESTS IN SEEING A RETURN OF CONFIDENCE AND STABILITY AS SOON AS POSSIBLE. THAT IS WHY WE SUPPORT INTERNATIONAL EFFORTS TO HELP THESE ECONOMIES ADJUST.

THE CENTERPIECE OF THESE EFFORTS IS IMPLEMENTATION OF REFORM COMMITMENTS ADOPTED BY THE AFFECTED GOVERNMENTS. VIGOROUS IMPLEMENTATION OF THESE COMMITMENTS OFFERS THE BEST PROSPECTS FOR RESTORING INVESTOR CONFIDENCE.

FOR THOSE COUNTRIES WHO HAVE DEMONSTRATED RESOLVE IN IMPLEMENTING REFORMS, THE IME AND THE INTERNATIONAL COMMUNITY STAND READY TO EXTEND FINANCIAL SUPPORT TO PROVIDE A BREATHING SPACE WHILE THE REFORMS TAKE EFFECT. INVESTOR CONFIDENCE IN INDIVIDUAL COUNTRIES IS CLEARLY BASED ON THE SPECIFICS OF THEIR OWN UNIQUE SITUATION AND THE QUALITY OF THEIR COMMITMENT TO IMPLEMENT REFORMS.

BAIL OUTS

Q: AREN'T CRITICS AT LEAST PARTIALLY RIGHT WHEN THEY ALLEGE THAT THESE IME PROGRAMS ARE BAILING OUT INVESTORS AND CORRUPT GOVERNMENTS?

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A: IF THESE EFFORTS WERE DIRECTED AT BAILING OUT INVESTORS, WE WOULD NOT SPEND A PENNY ON THEM. THE CENTRAL

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AIM OF THESE PROGRAMS IS TO HELP THESE ECONOMIES RESTORE GROWTH AND MARKET CONFIDENCE AS QUICKLY AS POSSIBLE, NOT TO BAIL THEM OR FOREIGN INVESTORS OUT.

THE CENTERPIECE OF THESE EFFORTS IS REFORM COMMITMENTS UNDERTAKEN BY THE AFFECTED GOVERNMENTS THEMSELVES -- TO RESTRUCTURE AND CLEAN UP THE BANKING SYSTEM, IMPROVE GOVERNANCE, FIGHT CORRUPTION, AND OPEN MARKETS.

FOR THOSE COUNTRIES WHICH HAVE DEMONSTRATED RESOLVE IN IMPLEMENTING A REFORM PROGRAM, THE IME STANDS READY TO EXTEND FINANCIAL SUPPORT TO PROVIDE A BREATHING SPACE WHILE THE REFORMS TAKE EFFECT. BUT IT IS IMPORTANT TO UNDERScore THAT NO RESOURCES WILL BE MADE AVAILABLE TO COUNTRIES WHO ARE NOT ACTIVELY GRAPPLING WITH THEIR PROBLEMS.

EFFECT ON BUDGET SURPLUS

Q: COULD SLOWER GROWTH ASSOCIATED WITH THE SLOWDOWN IN ASIA THREATEN THE PROJECTED BUDGET SURPLUS?

A: THE FUNDAMENTALS OF THE AMERICAN ECONOMY ARE EXCEPTIONALLY GOOD, AND ECONOMIC PROSPECTS REMAIN STRONG. JUST LAST WEEK, WE LEARNED THAT THE ECONOMY ADDED ANOTHER 370,000 NEW JOBS, BRINGING THE TOTAL NUMBER OF JOBS CREATED SINCE I TOOK OFFICE TO 14.3 MILLION. GROWTH IS STRONG, WAGES ARE RISING, PRIVATE INVESTMENT IS BOOMING, INFLATION IS LOW, THE FEDERAL BUDGET IS ON TRACK TO BE ELIMINATED,

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AND UNEMPLOYMENT LAST YEAR HIT ITS LOWEST LEVEL (4.9 PERCENT) IN 24 YEARS.

NONETHELESS, IT IS WORTH NOTING THAT OUR BUDGET PROJECTIONS ARE EXTREMELY CONSERVATIVE -- IN LINE WITH BLUE CHIP FORECASTS. THEY TAKE INTO ACCOUNT THE POSSIBILITY OF BAD TIMES AS WELL AS GOOD TIMES. THAT IS WHY FOR THE PAST FIVE YEARS, THE DEFICIT HAS BEEN CONSISTENTLY LOWER AND GROWTH HIGHER THAN WE PROJECTED.

4. THE FOLLOWING GUIDANCE WAS PREPARED ON 1/12/98 AS "IF

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ASKED" GUIDANCE BY THE DEPARTMENT OF TREASURY FOR USE IN
BACKGROUNDING THE MEDIA.

5. TREASURY GUIDANCE ON THE SITUATION IN ASIA

TODAY'S QUOTES:

U.S. TREASURY SECRETARY ROBERT RUBIN SAID MONDAY IT WAS
"VERY HARD TO KNOW" IF ASIA'S FINANCIAL CRISIS HAS BOTTOMED
OUT OR COULD WORSEN. "THE KEY TO INDONESIA IS ADHERING TO
THE IMP PROGRAM," RUBIN SAID. RUBIN SPOKE WITH DONALDSON
JUST AFTER EMERGING FROM THE WHITE HOUSE.

ASKED IF AMERICANS SHOULD BE CONCERNED BY THE FINANCIAL
TURMOIL IN ASIA, RUBIN SAID "WE LIVE IN ONE WORLD, ONE
ECONOMY AND REALLY ONE-WORLD ECONOMY." HE ALSO SAID THE
ASIA FINANCIAL CRISIS HAS THE POTENTIAL TO HAVE AN
"ENORMOUS IMPACT" ON ECONOMIES ACROSS THE GLOBE.

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DEPUTY SECRETARY LARRY SUMMERS: "IN PREPARATIONS, WE'VE HAD
TWO GOOD MEETINGS HERE AT THE FINANCE MINISTRY," SUMMERS
SAID. "ON BEHALF OF PRESIDENT CLINTON WE WILL BE
DISCUSSING THE MEASURES TO RESTORE CONFIDENCE WITH
PRESIDENT SOEHARTO TOMORROW."

IMP FIRST DEPUTY MANAGING DIRECTOR STANLEY FISCHER MET WITH
PRESIDENT SOEHARTO FOR 90 MINUTES AND DESCRIBED THE
ENCOUNTER AS "VERY, VERY GOOD." "THE PRESIDENT WAS VERY,
VERY CLEAR IN HIS DETERMINATION TO STAY WITH THE (REFORM)
PROGRAM AND TO STRENGTHEN IT AND ACCELERATE IT," FISCHER
SAID. "THERE WAS NO AMBIGUITY IN WHAT HE SAID."

Q AND A:

Q: HOW WOULD YOU CHARACTERIZE DEPUTY SECRETARY SUMMERS'
TRIP THUS FAR?

A: DEPUTY SECRETARY SUMMERS TRIP HAS BEEN IN THE REGION
TO TAKE STOCK OF THE SITUATION, HEAR THE AUTHORITIES'
THOUGHTS AND SHARE THE ADMINISTRATION'S VIEWS ON THE BEST

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WAY TO RESOLVE THEIR PROBLEMS. THUS FAR HE HAS HAD SEVERAL PRODUCTIVE MEETINGS WITH VARIOUS OFFICIALS.

Q: WHAT WILL BE DISCUSSED IN DEPUTY SECRETARY SUMMERS' MEETING WITH SOEHARTO?

A: DEPUTY SECRETARY SUMMERS WILL CARRY THE PRESIDENT'S MESSAGE THAT INDONESIAN STABILITY IS IMPORTANT TO THE REGION AND IMPORTANT TO THE UNITED STATES. HE WILL HEAR HIS THOUGHTS AND SHARE THE ADMINISTRATION'S VIEWS THAT
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SOUND POLICIES PROMOTE CONFIDENCE AND STABILITY AND ARE THE BEST WAY TO RESOLVE THEIR PROBLEMS AND RESTORE CONFIDENCE IN THE MARKETS. THE U.S. IS ENGAGED IN DOING WHAT IT CAN TO BE CONSTRUCTIVE AND SUPPORTIVE TO HELP THE REGION REGAIN STABILITY.

Q: WILL DEPUTY SECRETARY SUMMERS HOLD THE INDONESIANS FEET TO THE FIRE?

A: DEPUTY SECRETARY SUMMERS IS IN INDONESIA TO TAKE STOCK OF THE SITUATION, HEAR THEIR VIEWS AND SHARE THE ADMINISTRATION'S VIEWS ON THE BEST WAY TO RESOLVE THEIR PROBLEMS. IN DISCUSSIONS WITH THE INDONESIANS HE WILL UNDERSCORE THE PRESIDENT'S COMMITMENT THAT INDONESIA DO WHATEVER APPROPRIATE TO FIND ITS WAY THROUGH THIS.

Q: IS INDONESIA TOO BIG TO FAIL?

A: THE U.S. WANTS INDONESIA TO TAKE THE NECESSARY STEPS THAT WILL PERMIT US TO CONTINUE OUR EFFORT TO SUPPORT THEM THROUGH CONTINUED SUPPORT FOR THE INTERNATIONAL FINANCIAL INSTITUTIONS. STABILITY IN INDONESIA AND THE REGION IS CRITICAL TO STABILITY IN THE ENTIRE REGION AND ENSURING STABILITY IS IN OUR ECONOMIC AND NATIONAL SECURITY INTERESTS.

Q: AFTER MEETING WITH SOEHARTO THE DELEGATION WILL TRAVEL TO MALAYSIA. WHY ISN'T DEPUTY SECRETARY SUMMERS MEETING WITH MAHATHIR?

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A: THE DELEGATION WILL BE IN MALAYSIA FOR AN EXTREMELY UNCLASSIFIED

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BRIEF PERIOD OF TIME AT THE INVITATION OF THE DEPUTY PRIME MINISTER. THIS MEETING WILL SERVE AS AN OPPORTUNITY TO CONSULT WITH THE REGIONAL PARTNERS WHO HAVE AN INTEREST IN REGIONAL STABILITY.

Q: HOW IS THIS GOING TO AFFECT U.S. MARKETS?

A: WE DON'T COMMENT OR MAKE PREDICTIONS ABOUT U.S. MARKETS. WHAT'S IMPORTANT ARE THE SOUND FUNDAMENTALS OF THE U.S. ECONOMY.

IF PRESSED: THE CONTINUING REMARKABLE STRENGTH OF THE U.S. ECONOMY WILL REMAIN THE MAJOR FACTOR FOR U.S. MARKETS. AT THE SAME TIME, AS WE HAVE SAID BEFORE, WE LIVE IN A GLOBAL ECONOMY AND LARGE DECLINE IN ITS CURRENCIES WOULD OBVIOUSLY NOT BE GOOD FOR U.S. ECONOMIC OR NATIONAL SECURITY INTERESTS.

Q: HOW IS THIS GOING TO AFFECT U.S. ECONOMIC GROWTH?

A: THESE COUNTRIES ACCOUNT FOR A GROWING SHARE OF WORLD OUTPUT -- AND A GROWING SHARE OF OUR TRADE. EMERGING ASIA ACCOUNTED FOR ONE-THIRD OF OUR EXPORTS LAST YEAR. IT IS DIFFICULT TO ESTIMATE PRECISELY, GIVEN THE UNCERTAINTIES INVOLVED. AT THE SAME TIME, THE STRENGTH OF THE U.S. ECONOMY REMAINS CONSIDERABLE. BUT THE DIRECT AND INDIRECT TRADE IMPACT ON OUR ECONOMY OF ECONOMIC UNCERTAINTY IN SOUTHEAST ASIA, AND THE LARGE DECLINE IN ITS CURRENCIES, WOULD OBVIOUSLY NOT BE GOOD FOR U.S. ECONOMIC OR NATIONAL SECURITY INTERESTS. MUCH WILL DEPEND ON STABILITY BEING RESTORED AS SOON AS POSSIBLE.

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6. THE FOLLOWING GUIDANCES WERE PREPARED ON 1/12/98 AND NOT USED BY THE SPOKESMAN DURING THE DAILY BRIEFING. POSTS MAY DRAW ON THESE GUIDANCES FOR USE ON AN IF ASKED BASIS.

7. INDONESIA: DISCUSSIONS ON IMF PROGRAM

CONTEXT: DEPUTY TREASURY SECRETARY LARRY SUMMERS AND HIS DELEGATION ARE IN JAKARTA TO DISCUSS THE CURRENT ECONOMIC SITUATION AND INDONESIA'S ADHERENCE TO THE IMF PROGRAM WITH SENIOR OFFICIALS, INCLUDING PRESIDENT SOEHARTO. (FYI ONLY, OTHER WORLD LEADERS INCLUDING PRIME MINISTER HASHIMOTO OF

JAPAN AND PRIME MINISTER KOHL OF GERMANY HAVE SPOKEN TO SOEHARTO REGARDING THE SITUATION AND SINGAPORE P.M. GOH CHOK TONG HAS ANNOUNCED PLANS TO TRAVEL TO INDONESIA ON TUESDAY.)

Q: WHAT IS THE SITUATION ON THE GROUND IN INDONESIA? HAVE YOU HAD ANY FEEDBACK FROM THE SUMMERS DELEGATION ON ITS DISCUSSIONS IN JAKARTA?

A: WE UNDERSTAND THE SITUATION OVER THE WEEKEND WAS CALMER THAN THAT OF LAST WEEK, THOUGH THE PUBLIC IS STILL Lining up at supermarkets to obtain rice and other food staples.

DEPUTY TREASURY SECRETARY LARRY SUMMERS AND HIS DELEGATION MET TODAY WITH INDONESIAN FINANCE MINISTER MAR'IE MOHAMMED, AND WITH DR. WIDJOJO NITISASTRO, SENIOR UNCLASSIFIED

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ECONOMIC ADVISOR TO PRESIDENT SOEHARTO, AND OTHER SENIOR INDONESIAN ECONOMIC OFFICIALS. THE SUMMERS PARTY HAS ALSO HAD AN OPPORTUNITY TO CONFER WITH IMF DEPUTY MANAGING DIRECTOR STANLEY FISCHER WHO IS ALSO IN JAKARTA AT THIS TIME.

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--- THE DELEGATION HELD CONSTRUCTIVE DISCUSSIONS ABOUT
INDONESIAN COMMITMENTS TO THE IMF PROGRAM OF ECONOMIC AND
FINANCIAL REFORMS. THE DELEGATION WILL MEET TUESDAY
MORNING WITH PRESIDENT SOEHARTO.

8. SUMMERS/COHEN TRIPS TO ASIA -- ROTH/WOLF WHEREABOUTS

CONTEXT: IT WAS DECIDED LATE FRIDAY AT A WHITE HOUSE
MEETING THAT EAP A/S ROTH SHOULD TRAVEL WITH TREASURY UNDER
SECRETARY SUMMERS TO SINGAPORE AND JAKARTA AND JOIN DEFENSE
SECRETARY COHEN'S DELEGATION FOLLOWING SECRETARY COHEN'S
ARRIVAL IN JAKARTA, WHICH OCCURRED TODAY. U.S. COORDINATOR
FOR APEC JOHN WOLF, WHO WAS SCHEDULED TO TRAVEL WITH U/S
SUMMERS, INSTEAD HAS REMAINED IN WASHINGTON AS CO-
COORDINATOR OF THE STATE DEPARTMENT WORKING GROUP ON THE
ASIAN FINANCIAL SITUATION.

Q: WHO FROM THE STATE DEPARTMENT IS ACCOMPANYING THE TWO
DELEGATIONS TRAVELLING TO THE ASIA-PACIFIC REGION?

A: AS STATED EARLIER, TREASURY UNDER SECRETARY SUMMERS IS
BEING ACCOMPANIED BY ASSISTANT SECRETARY FOR ECONOMIC AND
BUSINESS AFFAIRS ALAN LARSON. ASSISTANT SECRETARY OF STATE
STANLEY ROTH ALSO ACCOMPANIED U/S SUMMERS TO SINGAPORE AND

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INDONESIA, WHERE A/S ROTH WILL JOIN SECRETARY OF DEFENSE
COHEN'S DELEGATION. A/S ROTH WILL ACCOMPANY SECRETARY
COHEN FOR THE REMAINDER OF HIS TRIP.

--- AMB. JOHN WOLF, WHO WAS EARLIER SCHEDULED TO ACCOMPANY
U/S SUMMERS, INSTEAD WILL REMAIN IN WASHINGTON TO HELP
COORDINATE THE STATE DEPARTMENT'S WORK RELATING TO THE
ASIAN FINANCIAL SITUATION WITH HIS COLLEAGUES IN THE
DEPARTMENT AND ELSEWHERE IN THE U.S. GOVERNMENT.

9. INDONESIA/SINGAPORE: STATUS OF VISIT

Q: WHAT IS THE STATUS OF THE SUMMERS DELEGATION TRIP?

A: THIS MISSION WAS INITIATED FOLLOWING LAST WEEK'S

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CONVERSATION BETWEEN PRESIDENT CLINTON AND INDONESIAN PRESIDENT SOEHARTO. THE DELEGATION IS HEADED BY DEPUTY TREASURY SECRETARY LAWRENCE SUMMERS AND INCLUDES, FROM THE STATE DEPARTMENT, ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS STANLEY ROTH (SEE GUIDANCE ABOVE FOR TRAVEL PLANS IN ASIA) AND ASSISTANT SECRETARY FOR ECONOMICS AND BUSINESS AFFAIRS ALAN LARSON.

--THE DELEGATION HELD TALKS IN SINGAPORE AND ARE NOW IN JAKARTA. WE UNDERSTAND THAT THEY WILL MEET WITH PRESIDENT SOEHARTO ON TUESDAY. CURRENT PLANS CALL FOR THE SUMMERS DELEGATION TO MEET WITH OFFICIALS IN THAILAND, MALAYSIA, CHINA AND SOUTH KOREA LATER IN THE WEEK.

--OUR CENTRAL AIM IS TO AFFIRM THE IMPORTANCE OF RESTORING
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ECONOMIC CONFIDENCE IN THE REGION, LISTENING TO THE VIEWS OF LEADERS IN THE REGION AND SHARING OUR VIEWS WITH THEM.

10. CHINA - FORMER OFFICIAL ADVOCATES DEMOCRACY
CONTEXT: BUSINESSMAN AND FORMER DEPUTY DIRECTOR OF THE FUZHOU PLANNING COMMISSION, FANG JUE, HAS CO-AUTHORED AN ESSAY ADVOCATING A NUMBER OF PROPOSALS AIMED AT DEMOCRATIZING CHINA. HE CLAIMS HIS VIEWS HAVE A

SUBSTANTIAL, THOUGH STILL ANONYMOUS, FOLLOWING IN THE COMMUNIST PARTY.

Q: WHAT IS OUR REACTION TO THE ESSAY CO-AUTHORED AND DISTRIBUTED BY FORMER FUZHOU PLANNING COMMISSION DEPUTY DIRECTOR FANG JUE ADVOCATING ELECTIONS, FREEDOM OF THE PRESS AND RELIGION, RELAXED OVERSIGHT OF SOCIAL CONDITIONS, AN END TO COMMUNIST PARTY CONTROL OF THE MILITARY, A REVERSAL OF THE VERDICT ON TIANANMEN, NEGOTIATIONS WITH THE DALAI LARNA, A FURTHER OPENING OF THE ECONOMY, AND A PRO-U.S. FOREIGN POLICY?

A: WE STRONGLY SUPPORT THE PRINCIPLE OF FREEDOM OF EXPRESSION AND ARE PLEASED TO SEE IT PUT INTO PRACTICE IN CHINA THROUGH EXAMPLES LIKE THIS ESSAY. WE ARE ALSO

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PLEASED BY REPORTS THAT IN RECENT MONTHS THERE HAS BEEN INCREASING EXPRESSION OF VIEWS ON A VARIETY OF ISSUES, PRIMARILY THROUGH PUBLIC STATEMENTS, LETTERS AND PETITIONS BY SCORES OF OTHERS IN CHINA.

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--- I WOULD REFER YOU TO THE DEPARTMENT'S ANNUAL HUMAN RIGHTS REPORT FOR A DETAILED ASSESSMENT OF THE HUMAN RIGHTS SITUATION IN CHINA. IN GENERAL WE URGE ALL STATES TO BRING THEIR PRACTICES IN LINE WITH THE UNIVERSAL DECLARATION ON HUMAN RIGHTS.

IF ASKED

--- OUR VIEWS ON THESE MATTERS ARE WELL KNOWN, INCLUDING SUPPORT WORLDWIDE FOR DEMOCRACY, ECONOMIC OPENNESS, AND DIALOGUE AS A MEANS OF ADDRESSING ISSUES OF CONCERN.

IF ASKED

--- IN PARTICULAR, WE VIEW DIALOGUE AS A MEANS OF ADDRESSING THE HUMAN RIGHTS CONDITION IN TIBET.

11. PRC INVITATION TO TAIWAN LOCAL POLITICIANS TO VISIT MAINLAND

CONTEXT: THE OPPOSITION (AND GENERALLY PRO-INDEPENDENCE) DEMOCRATIC PROGRESSIVE PARTY (DPP) WON A MAJOR VICTORY IN TAIWAN'S MAGISTRATE/MAYOR ELECTIONS 11/29/97, TAKING 12 OF 23 SEATS COMPARED TO 8 FOR THE RULING NATIONALISTS (KMT); THREE INDEPENDENTS ALSO WON. OF TAIWAN'S POPULATION, 71 PERCENT NOW LIVES IN DPP-LED LOCALITIES COMPARED WITH ONLY 22 PERCENT UNDER KMT CONTROL. EVEN BETTER FOR THE DPP, THIS WAS THE FIRST MAJOR ELECTION IN

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WHICH THE DPP POPULAR VOTE TOTAL WAS HIGHER THAN THAT
FOR THE KMT, 43 PERCENT TO 42 PERCENT (WITH INDEPENDENTS
TAKING 13 PERCENT).

THE JANUARY ISSUE OF THE PRC'S "CROSS-STRAIT RELATIONS
JOURNAL HAS INVITED "FAR-SIGHTED COUNTY MAGISTRATES AND
MAYORS" TO VISIT THE MAINLAND "TO ENHANCE MUTUAL
UNDERSTANDING AND TRUST." THIS JOURNAL IS PUBLISHED BY
THE PRC'S ASSOCIATION FOR RELATIONS ACROSS THE TAIWAN
STRAIT (ARATS), THE "UNOFFICIAL" BODY SET UP BY BEIJING
FOR DEALING WITH TAIPEI; ITS COUNTERPART IS TAIWAN'S
STRAITS EXCHANGE FOUNDATION (SEF)

THE MEDIA HAS INTERPRETED THE INVITATION AS AN "OLIVE
BRANCH" TO TAIWAN'S OPPOSITION PARTY -- WHICH, UNDER ITS
CURRENT CHAIRMAN (HSU HSIN-LIANG (PHON: SHOE SHIN-
LIANG)), HAS BEEN DOWNPLAYING ITS PRO-INDEPENDENCE
STANCE. THE JOURNAL ARTICLE WELCOMES VISITS BY ALL

"WITH THE EXCEPTION OF AN EXTREMELY SMALL NUMBER OF
STUBBORN TAIWAN INDEPENDENCE ELEMENTS."

THE ARTICLE ENDS WITH A CALL BY ARATS FOR THE
MAGISTRATES/MAYORS TO "EXPAND CROSS-STRAIT ECONOMIC
EXCHANGE AND COOPERATION;" AND "ACCELERATE THE
ESTABLISHMENT OF DIRECT LINKS IN POSTAL SERVICE, AIR AND
SHIPPING SERVICES, AND TRADE." BEIJING MAY HOPE THAT
TAIWAN'S LOCAL POLITICIANS WILL JOIN THE TAIWAN BUSINESS
COMMUNITY IN PRESSING THE TAIWAN AUTHORITIES TO AGREE TO
OPEN THESE "THREE LINKS" AS A WAY TO LOWER THE COSTS OF
UNDERTAKING TRAVEL AND TRADE -- WHICH NOW HAVE TO BE
DONE VIA HONG KONG OR OTHER THIRD LOCATION. WHILE THE

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TAIWAN AUTHORITIES HAVE TAKEN SOME STEPS IN THIS
DIRECTION, THEY REMAIN RELUCTANT TO FULLY OPEN THE THREE

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LINKS UNTIL BEIJING AGREES TO RENOUNCE THE USE OF FORCE AGAINST TAIWAN.

Q. WHAT IS YOUR REACTION TO THE PRC DECISION TO INVITE NEWLY, LOCALLY-ELECTED DPP POLITICIANS TO VISIT THE MAINLAND?

A. WE BELIEVE CROSS-STRAIT VISITS AND EXCHANGES OF ALL TYPES HAVE THE POTENTIAL TO IMPROVE CROSS-STRAIT COMMUNICATION AND UNDERSTANDING.

WE HOPE THIS PROCESS WILL LEAD TO A RESUMPTION OF THE CROSS-STRAIT DIALOGUE BETWEEN THE TWO SIDES, A STEP WE ENCOURAGE.

12. CHINA: WEAPONS DEALS IN THE IMMEDIATE FUTURE

CONTEXT: THE TIANANMEN SANCTIONS ACT OF 1990, AMONG OTHER THINGS, BANNED U.S. EXPORTS TO CHINA OF DEFENSE ARTICLES UNTIL PROGRESS HAS BEEN MADE THERE ON A PROGRAM OF POLITICAL REFORM OR UNLESS THE PRESIDENT DETERMINES THE EXPORT TO BE IN THE U.S. NATIONAL INTEREST. THE ACT ALSO BANNED PEACEFUL NUCLEAR COOPERATION WITH CHINA UNTIL THE PRESIDENT COULD CERTIFY THAT CHINA WAS NOT IMPROPERLY SPREADING NUCLEAR WEAPONS TECHNOLOGY. DURING THE OCTOBER U.S.-CHINA SUMMIT, PRESIDENT

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CLINTON ANNOUNCED THAT, BASED ON ASSURANCES RECEIVED FROM CHINA, HE WOULD SUBMIT TO CONGRESS THE CERTIFICATIONS NECESSARY UNDER U.S. LAW TO IMPLEMENT THE PEACEFUL NUCLEAR COOPERATION AGREEMENT. HOWEVER, WHILE SUCH A CERTIFICATION WILL PAVE THE WAY FOR U.S.-CHINA PEACEFUL NUCLEAR COOPERATION, IT WOULD NOT AFFECT THE BAN ON EXPORTS TO CHINA OF DEFENSE ARTICLES.

Q: DO YOU HAVE ANY COMMENTS ON STATEMENTS FROM

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MR. COHEN ABOUT THE PROSPECT OF FUTURE WEAPONS
DEALS WITH BEIJING?

A: THERE HAS BEEN NO CHANGE IN THE DEPARTMENT'S POLICY
REGARDING THE EXPORT OF DEFENSE ARTICLES TO CHINA.

--- AS YOU KNOW, WE HAVE SUSPENDED THE EXPORT OF DEFENSE
ARTICLES TO CHINA UNLESS THE PRESIDENT CAN CERTIFY THAT
PROGRESS HAS BEEN MADE THERE ON A PROGRAM OF POLITICAL
REFORM OR THAT THE EXPORT IS IN THE U.S. NATIONAL INTEREST.

--- THOUGH PRESIDENT CLINTON ANNOUNCED THAT HE WOULD
FORWARD CERTIFICATION TO CONGRESS TO ALLOW FOR
IMPLEMENTATION OF THE 1985 U.S.-CHINA AGREEMENT ON PEACEFUL
NUCLEAR COOPERATION, THIS CERTIFICATION WOULD HAVE NO
CONNECTION TO THE ARMS EMBARGO CURRENTLY IN PLACE AGAINST
CHINA.

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Q: HOW WOULD YOU ASSESS THE DEFENSE RELATIONSHIP BETWEEN
THE U.S. AND CHINA?

A: MILITARY-TO-MILITARY TIES WITH CHINA ARE AN INTEGRAL
PART OF OUR OVERALL STRATEGY OF ENGAGEMENT WITH THE PRC.
DOD'S RELATIONSHIP WITH PLA HAS RESULTED IN A NUMBER OF
CONCRETE RESULTS, INCLUDING AN AGREEMENT ON CONTINUED U.S.
MILITARY PORT CALLS TO HONG KONG, ESTABLISHMENT OF REGULAR
DEFENSE CONSULTATIVE TALKS, AND AN AGREEMENT ON MILITARY
MARITIME SAFETY.

Q: IF THE ADMINISTRATION IS PREPARED TO ALLOW U.S.
COMPANIES TO SELL PEACEFUL NUCLEAR TECHNOLOGY TO CHINA, WHY
IS IT NOT PREPARED TO LIFT THE EMBARGO ON DEFENSE ARTICLES?

A: THE TIANANMEN SANCTIONS ACT MANDATES THAT ONE OF TWO
SPECIFIC CONDITIONS BE MET BEFORE THE ADMINISTRATION
CONSIDERS LIFTING THE ARMS EMBARGO. THE PRESIDENT MUST
CERTIFY THAT EITHER PROGRESS HAS BEEN MADE ON A PROGRAM OF

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POLITICAL REFORM IN CHINA OR THAT A DEFENSE EXPORT TO CHINA IS IN THE U.S. NATIONAL INTEREST.

IF ASKED/PRESSED:

Q: HAS THE PRESIDENT SUBMITTED THE CERTIFICATION PACKAGE TO CONGRESS?

A: THE PRESIDENT SHOULD BE SENDING THE NECESSARY CERTIFICATION PACKAGE TO THE CONGRESS SHORTLY. I WOULD REFER YOU TO THE WHITE HOUSE IN ASCERTAINING EXACTLY WHEN THIS WILL HAPPEN.

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THIS WILL HAPPEN.

13. HUMAN RIGHTS: TRAFFICKING IN AMERICAN WOMEN

CONTEXT: U.S. CITIZEN WOMEN HAVE SOMETIMES BECOME VICTIMS OF FROM MISUNDERSTANDINGS IN OFFERS OF EMPLOYMENT ABROAD. AMERICANS WHO CONTACT OUR OFFICE OF OVERSEAS CITIZENS SERVICES ARE ENCOURAGED TO ENSURE THEY HAVE THE CORRECT VISA STATUS SO AS NOT TO CREATE ANY DIFFICULTIES WHEREBY THEY BECOME EXPLOITED BY THEIR EMPLOYER. WE ARE AWARE OF SUCH SITUATIONS IN JAPAN AND SOUTH KOREA, FOR EXAMPLE AND HAVE INFORMATION IN OUR CONSULAR INFORMATION SHEETS TO ALERT AMERICANS TO DISCUSS THE TERMS AND CONDITIONS OF THEIR EMPLOYMENT PRIOR TO ACCEPTING ANY OFFER.

Q: HAVE AMERICAN CITIZENS BEEN FORCED TO WORK IN THE "SEX TRADE" AS CONDITIONS OF THEIR EMPLOYMENT ABROAD?

A: ON OCCASIONS U.S. CITIZENS WORKING OVERSEAS HAVE REPORTED CONTRACT VIOLATIONS WITH THEIR EMPLOYERS, INCLUDING ALLEGATIONS OF SEXUAL HARASSMENT OR INTIMIDATION.

---FOR EXAMPLE, OUR CONSULAR INFORMATION SHEET FOR JAPAN TALKS OF MISREPRESENTATION BY JAPANESE EMPLOYERS WHO VIOLATE CONTRACTS WITH AMERICAN CITIZENS COME TO WORK AS ENGLISH TEACHERS, CARPENTERS, MODELS, ACTORS, ENTERTAINERS, EXOTIC DANCERS OR BAR HOSTESSES.

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---WHEN REPORTED, OUR EMBASSY CAN ASSIST U.S. CITIZENS WHO ARE BEING HARASSED OR EXPLOITED. THE U.S. GOVERNMENT TAKES UNCLASSIFIED

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ALLEGATIONS OF HARASSMENT VERY SERIOUSLY.

---WE RECOMMEND THAT U.S. CITIZENS WHO DO PLAN TO WORK OVERSEAS ENSURE THAT THEY HAVE THE CORRECT VISA TO WORK AND SHOULD NEVER ENTER AS TOURISTS.

14. HUMAN RIGHTS: TRAFFICKING IN WOMEN

Q: WHAT IS THE USG DOING TO COMBAT TRAFFICKING IN WOMEN?

A: MANY YOUNG WOMEN FROM THE FORMER SOVIET UNION, EAST ASIA, AFRICA AND CENTRAL AMERICA ARE LEAVING THEIR HOMELANDS TO SEEK A BETTER LIFE IN WESTERN EUROPE, NORTH AMERICA AND JAPAN. ORGANIZED CRIMINAL GROUPS OR INDIVIDUALS POSING AS MODELING AGENCIES, DANCE COMPANIES, INTERNATIONAL MATCHMAKING SERVICES AND DOMESTIC SERVICES LURE THESE VULNERABLE WOMEN, OR SOMETIMES THEIR PARENTS, WITH THE PROMISE OF NEW OPPORTUNITIES. ONCE THESE WOMEN ARE SUCCESSFULLY BROUGHT INTO A COUNTRY, THE CRIMINAL GROUPS OR INDIVIDUALS THEN CONFISCATE TRAVEL DOCUMENTS, USE DEBT BONDAGE, AND PHYSICAL, EMOTIONAL AND PSYCHOLOGICAL ABUSE TO FORCE THESE WOMEN TO WORK AND LIVE IN UNSAFE CONDITIONS AS PROSTITUTES, SWEATSHOP WORKERS, AND DOMESTIC SERVANTS.

---PRESIDENT CLINTON HAS SAID THE U.S. WILL LEAD THE WORLD'S EFFORTS IN COMBATING TRAFFICKING IN WOMEN. AS SECRETARY ALBRIGHT SAID: "AND LET ME SAY THAT IF THOSE WHO TRAFFIC IN DRUGS SHOULD BE PUNISHED SEVERELY--AND THEY SHOULD--SO SHOULD THOSE WHO TRAFFIC IN HUMAN BEINGS."

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---THE STATE DEPARTMENT IS WORKING PROACTIVELY TO COMBAT
TRAFFICKING IN WOMEN, SPECIFICALLY:

--CHAIRING AN INTER-AGENCY GROUP LED BY THERESA LOAR WITH
SEVERAL FEDERAL AGENCIES TO DEVELOP A SERIES OF INITIATIVES
THAT INVOLVE PREVENTION, ENFORCEMENT AND PROTECTION;

--WORKING WITH THE EUROPEAN UNION TO IMPLEMENT AN
INFORMATION CAMPAIGN TARGETING VULNERABLE WOMEN IN POLAND
AND UKRAINE;

--DEVELOPING A PUBLIC DIPLOMACY CAMPAIGN OVERSEAS
DESCRIBING TACTICS CRIMINAL GROUPS USE TO COERCE AND
TRAFFIC WOMEN, THE RISKS OF TRAFFICKING, WHAT WOMEN CAN DO
TO PROTECT THEMSELVES, AND WHERE WOMEN CAN GET HELP IN THE
UNITED STATES;

--IDENTIFYING WAYS TO IMPROVE DATA COLLECTION; AND

--CO-FUNDING A WORLD-WIDE STUDY OF EXISTING STATUTES ON
TRAFFICKING IN WOMEN AND CHILDREN TO DEVELOP MODEL
LEGISLATION AS A GUIDE FOR COUNTRIES SEEKING TO IMPROVE
THEIR LAWS

FOR INFORMATION CONTACT THE OFFICE OF THE SENIOR INTERNATIONAL
COORDINATOR FOR INTERNATIONAL WOMEN'S ISSUES, THERESA LOAR
ON (202) 647-6227.

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