

NATIONAL SECURITY COUNCIL

04-Dec-1992 09:23 EDT

MEMORANDUM FOR:

PAAL@OEEOB@MRGATE

FROM:

VMSMail User RAGLE  
(RAGLE@OEEOB@MRGATE)

SUBJECT:

<CLAS>UNCLASSIFIED<DTG>030833Z DEC 92  
<ORIG>AIT TAIPEI  
<SUBJ>TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA  
HILLS

<TEXT>

UNCLAS SECTION 01 OF 09 TAIPEI 08508  
AIT/W PASS STATE, NSC, USTR AND USIA  
STATE FOR EAP/RA/TC

NSC FOR PAAL

USTR FOR CASSIDY AND LYDON

USIA FOR EA

E.O. 12356: N/A

TAGS: PREL, ECON, TW, US

SUBJECT: TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA  
HILLS

STORIES:

1. CARLA HILLS SPEAKS AT JOINT BUSINESS CONFERENCE
2. PREMIER HAU, VINCENT SIEW SPEAK ON FUTURE  
U.S.-TAIWAN TRADE TIES
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BUSINESS CONFERENCE
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5. PREMIER HAU THANKS HILLS FOR HELP IN JOINING  
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5. HILLS DISCUSSES TRANSPORTATION PROJECTS WITH  
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9. TREASURY'S JAMES FALL MEETS WITH MOF  
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10. SAMUEL SHIEH CALLS U.S. EXCHANGE RATE REPORT  
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U.S. CIGARETTES
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(NOTE TO ADDRESSEES: ARTICLES IN THE MEDIA SUMMARY ARE DRAWN FROM THE CHINESE-LANGUAGE MEDIA IN TAIWAN. THEY ARE USUALLY EXCERPTS OR SUMMARIES OF THE ORIGINAL ARTICLES RATHER THAN FULL TEXTS. ARTICLES ARE SELECTED ON THE BASIS OF THEIR POTENTIAL INTEREST TO AIT. IN SELECTING ARTICLES, THE INFORMATION UNIT MAKES NO JUDGMENT ABOUT THE VERACITY OF NEWS REPORTS. TERMINOLOGY USED AND FACTS AND OPINIONS EXPRESSED IN THE ARTICLES ARE THOSE OF THE ORIGINAL WRITERS, NOT OF THE AMERICAN INSTITUTE IN TAIWAN.)

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1. CARLA HILLS SPEAKS AT JOINT BUSINESS CONFERENCE  
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- CHINA TIMES, "U.S., TAIWAN TO SIGN TRADE AND INVESTMENT FRAMEWORK AGREEMENT SOON," DEC. 2; ALSO ALL PAPERS:

DURING HER REMARKS DELIVERED AT THE ROC-USA JOINT BUSINESS CONFERENCE YESTERDAY, U.S. TRADE REPRESENTATIVE CARLA HILLS SAID THAT THE U.S. GOVERNMENT STRONGLY DESIRES SIGNING A BILATERAL TRADE AND INVESTMENT FRAMEWORK AGREEMENT WITH TAIWAN. ACCORDING TO HILLS, A FORMAL BILATERAL TRADE AND INVESTMENT COUNCIL COMPRISED OF SENIOR AUTHORITIES FROM BOTH NATIONS WILL BE ESTABLISHED UNDER THIS AGREEMENT TO CONDUCT REGULAR CONSULTATIONS AND TO PUSH FOR THE OPENING OF MARKETS. HILLS ALSO POINTED OUT IN HER SPEECH THAT U.S. REGIONAL EFFORTS TO LIBERALIZE TRADE DO NOT SIGNAL A RETREAT FROM ITS SUPPORT OF THE MULTILATERAL TRADING SYSTEM, WHICH HAS BEEN IMPLEMENTED FOR OVER 40 YEARS. THE GOAL OF THE U.S. IS TO REDUCE TRADE BARRIERS WHEREVER AND WHENEVER IT CAN. THE U.S. WILL DO ALL IT CAN TO OPEN MARKETS AND IT WANTS TAIWAN TO WORK WITH IT TO ACHIEVE THIS GRAND GOAL, HILLS SAID. (IC)

JNCLAS SECTION 02 OF 09 TAIPEI 08508  
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- INDEPENDENCE MORNING POST, "HILLS' SPEECH  
CONTAINS MESSAGE OF SEEING TAIWAN AS AN ENTITY,"

DEC. 3:

DURING HER REMARKS MADE AT THE JOINT BUSINESS  
CONFERENCE YESTERDAY, HILLS ONLY MENTIONED THE  
ISLAND OF TAIWAN AS SHE TALKED ABOUT BILATERAL  
RELATIONS BETWEEN THE TA NATIONS.

WE CAN TELL FROM HILLS' SPEECH THAT HER VIEW OF  
WASHINGTON-TAIPEI TIES ONLY FOCUSES ON THE ISLAND OF  
TAIWAN. SHE SKIPPED OVER ALL PAST RELATIONS BETWEEN  
THE U.S. AND THE NATIONALIST GOVERNMENT AND JUMPED  
DIRECTLY TO TAIWAN'S ECONOMIC GROWTH OVER THE PAST  
30 YEARS. HILLS' SPEECH TO SOME EXTENT REVEALS  
WASHINGTON'S ATTITUDE OF DEFINING TAIWAN AS AN  
ENTITY IN U.S.-TAIPEI RELATIONS. (IC)

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2. PREMIER HAU, VINCENT SIEW SPEAK ON FUTURE  
U.S.-TAIWAN TRADE TIES

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- CHINA TIMES, "HAU, SIEW BELIEVE CLINTON'S NEW  
ECONOMIC POLICIES WILL BE FAVORABLE FOR  
WASHINGTON-TAIPEI TRADE RELATIONS," DEC. 3; ALSO ALL  
PAPERS:

DURING THEIR SPEECHES DELIVERED AT THE ROC-USA JOINT  
BUSINESS CONFERENCE YESTERDAY, BOTH PREMIER HAU  
PEI-TSUN AND MINISTER OF ECONOMIC AFFAIRS VINCENT  
SIEW SAID THAT THE NEW ECONOMIC POLICIES THAT WILL  
BE IMPLEMENTED AFTER BILL CLINTON ASSUMES OFFICE  
WILL HELP REVIVE GLOBAL ECONOMIC PROSPECTS. BOTH  
HAU AND SIEW EXPECT THAT CLINTON WILL PLACE A  
STRONGER EMPHASIS ON U.S. ECONOMIC POLICY. THIS  
WILL BE FAVORABLE FOR THE DEVELOPMENT OF TRADE  
RELATIONS BETWEEN TAIPEI AND WASHINGTON, THEY SAID.  
(IC)

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3. BUSH, LEE SEND CONGRATULATORY MESSAGES TO  
BUSINESS CONFERENCE

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- CHINA TIMES, "PRESIDENT LEE, PRESIDENT BUSH  
WRITE CONGRATULATORY MESSAGES DELIVERED TO USA-ROC  
ECONOMIC COUNCIL MEETING," DEC. 3:  
U.S. PRESIDENT GEORGE BUSH, IN HIS WRITTEN  
CONGRATULATORY MESSAGE DELIVERED TO THE ROC-USA AND  
USA-ROC ECONOMIC COUNCILS' ANNUAL CONFERENCE, SAID  
HE EXPECTED TAIWAN TO REALIZE ITS NEW ROLE AS A  
DEVELOPED COUNTRY WHEN IT ACCEDES TO THE GENERAL  
AGREEMENT ON TARIFFS AND TRADE. IN HIS MESSAGE,  
READ AT THE CONFERENCE'S OPENING PLENARY SESSION,  
BUSH AFFIRMED THE POSITIVE IMPACT OF THE CONFERENCE  
ON TAIPEI-WASHINGTON RELATIONS.

PRESIDENT LEE TENG-HUI ALSO DELIVERED A WRITTEN MESSAGE TO THE MEETING. LEE SAID TAIWAN-U.S. ECONOMIC AND TRADE RELATIONS HAVE CONTINUED TO GROW IN A STABLE AND MUTUALLY BENEFICIAL MANNER. THE BILATERAL TRADE IMBALANCE AND MANY OTHER RELATED ISSUES HAVE BEEN ADDRESSED THROUGH THE JOINT EFFORTS OF THE TWO COUNTRIES, THE PRESIDENT SAID. HE SAID HE HOPES THE CONFERENCE CAN PRODUCE A CONSENSUS ON ECONOMIC AND TRADE ISSUES AS WELL AS ON FUTURE COOPERATION BETWEEN THE TWO COUNTRIES. (KC)

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4. PRESIDENT LEE MEETS WITH USTR CARLA HILLS

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- UNITED DAILY NEWS, FRONT PAGE LEAD, "PRESIDENT LEE RECEIVES USTR HILLS," DEC. 3:

PRESIDENT LEE TENG-HUI TOLD VISITING U.S. TRADE UNCLAS SECTION 03 OF 09 TAIPEI 08508

AIT/W PASS STATE, NSC, USTR AND USIA STATE FOR EAP/RA/TC

NSC FOR PAAL

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E.O. 12356: N/A

TAGS: PREL, ECON, TW, US

SUBJECT: TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA REPRESENTATIVE CARLA HILLS THAT TAIWAN WOULD LIKE TO FURTHER STRENGTHEN COMMERCIAL AND TRADE RELATIONS WITH THE U.S. LEE SAID THAT TAIWAN WILL WATCH CLOSELY FOR ANY ECONOMIC POLICY CHANGES BY THE CLINTON ADMINISTRATION IN ORDER TO FACILITATE BILATERAL COOPERATION.

IN THE HIGHEST-LEVEL FORMAL CONTACT IN YEARS, LEE HELD A LUNCHEON FOR HILLS YESTERDAY. IN THEIR DISCUSSIONS, LEE EMPHASIZED THAT HILLS' VISIT IS "AN IMPORTANT EVENT FOR U.S.-TAIWAN RELATIONS."

LEE SAID THAT THE U.S. GOVERNMENT IS CONCERNED ABOUT TAIWAN'S PROTECTION OF INTELLECTUAL PROPERTY RIGHTS, MARKET LIBERALIZATION MEASURES AND AMERICAN PARTICIPATION IN THE SIX-YEAR PLAN. THE PRESIDENT SAID THAT TAIWAN WILL COMPLETELY COOPERATE WITH THE U.S. IN THESE AREAS. HE SUGGESTED THE U.S. INCREASES HIGH-TECH EXPORTS TO TAIWAN IN LIGHT OF THE EXPANSION OF LOCAL PRIVATE INVESTMENT. HE SAID THE TRADE ACTION PLAN HAS BEEN SUCCESSFULLY IMPLEMENTED AND THE BILATERAL TRADE IMBALANCE HAS BEEN REDUCED GREATLY.

LEE THANKED THE U.S. FOR SELLING TAIWAN F-16 FIGHTERS. HE EMPHASIZED THAT TAIWAN IS ONLY PURCHASING THE FIGHTERS FOR DEFENSIVE PURPOSES. HE SAID THAT TAIWAN DOES NOT WANT TO CREATE ANY TENSION ON THE TAIWAN STRAIT. (SK)

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5. PREMIER HAU THANKS HILLS FOR HELP IN JOINING INTERNATIONAL FORUMS

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- UNITED DAILY NEWS, "PREMIER HAU THANKS HILLS FOR CONTRIBUTIONS OF AMERICAN FRIENDS; HOPES U.S. WILL SUPPORT TAIWAN TO ENTER INTERNATIONAL TRADE ORGANIZATIONS," DEC. 3:  
IN HIS MEETING WITH U.S. TRADE REPRESENTATIVE CARLA HILLS, PREMIER HAU PEI-TSUN SAID THAT U.S. SUPPORT FOR TAIWAN'S EFFORTS TO JOIN INTERNATIONAL ECONOMIC AND TRADE ORGANIZATIONS IS VERY BENEFICIAL FOR THE PROSPERITY AND DEMOCRATIC DEVELOPMENT OF THE ENTIRE REGION.  
HAU SAID THAT TAIWAN THANKS FORMER PRESIDENT RONALD REAGAN AND PRESIDENT GEORGE BUSH FOR SMOOTH AND CLOSE EXCHANGES UNDER THE CURRENT FRAMEWORK OF U.S.-TAIWAN RELATIONS. HE SAID THAT TAIWAN IS COMMITTED TO IPR PROTECTION IN ACCORDANCE WITH U.S.-TAIWAN AGREEMENTS. THE GOAL IS COMPLIANCE WITH WORLD STANDARDS, HAU SAID. HE SAID THE NEXT TWO TO THREE YEARS WILL BE THE PEAK TIME FOR IMPLEMENTING THE SIX-YEAR PLAN. HE SUGGESTED THAT U.S. AND TAIWAN MANUFACTURERS BID JOINTLY FOR THE PROJECTS.  
(SK)

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6. HILLS DISCUSSES TRANSPORTATION PROJECTS WITH MINISTER EUGENE CHIEN  
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- CHINA TIMES, "HILLS CALLS ON MOTC; EXPRESSES INTENTION TO PARTICIPATE IN SIX-YEAR PLAN," DEC. 3:  
USTR CARLA HILLS VISITED THE MINISTRY OF TRANSPORTATION AND COMMUNICATIONS YESTERDAY, EXPRESSING ON BEHALF OF U.S. FIRMS STRONG INTEREST IN PARTICIPATING IN THE SIX-YEAR NATIONAL DEVELOPMENT PLAN.  
UNCLAS SECTION 04 OF 09 TAIPEI 08508  
AIT/W PASS STATE, NSC, USTR AND USIA  
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E.O. 12356: N/A  
TAGS: PREL, ECON, TW, US  
SUBJECT: TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA MINISTER OF TRANSPORTATION AND COMMUNICATIONS EUGENE CHIEN SAID THAT HILLS ALSO SUGGESTED THAT TAIWAN SPEED UP LIBERALIZATION OF ITS INLAND TRANSPORTATION, TELECOMMUNICATIONS, AND AIR CARGO HANDLING MARKETS. CHIEN SAID THAT HE TOLD HILLS THAT TAIWAN WELCOMES FOREIGN COUNTRIES, INCLUDING THE U.S., TO PARTICIPATE IN THE HIGH-TECH PORTIONS OF THE SIX-YEAR PLAN.  
CHIEN SAID THAT HILLS COMPLAINED ABOUT TAIWAN'S SLOW PROGRESS IN TRANSFORMING THE ISLAND INTO AN AISAN-PACIFIC AIR TRANSPORTATION HUB. SHE SAID THAT FEDERAL EXPRESS HAS BEEN TRYING TO OPERATE IN TAIWAN

FOR A LONG TIME. BUT TAIWAN HAS ONLY JUST COMPLETED REVIEWING THE CKS AIRPORT EXPANSION PLAN. (SK)

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7. HILLS URGES COA TO FURTHER LOWER TARIFFS ON FARM PRODUCTS

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- CHINA TIMES, "HILLS PAYS VISIT TO COA; URGES TAIWAN TO LOWER TARIFFS ON AGRICULTURAL IMPORTS," DEC. 3:

WHILE MEETING WITH OFFICIALS OF THE COUNCIL OF AGRICULTURE YESTERDAY, USTR CARLA HILLS SAID THE U.S. IS WILLING TO ASSIST TAIWAN TO ENTER THE GATT, BUT TAIWAN MUST FIRST TAKE PROPER ACTIONS TO REDUCE ITS TARIFFS ON AGRICULTURAL IMPORTS. HILLS EXPRESSED SERIOUS CONCERN ON MANY OF TAIWAN'S TARIFF REGULATIONS RELATED TO IMPORTS OF AGRICULTURAL PRODUCTS.

ACCORDING TO COA SECRETARY-GENERAL WU TUNG-CHUAN, IN ACCORDANCE WITH A SCHEDULE OUTLINED IN THE "TRADE ACTION PLAN," HIS COUNCIL HAS REDUCED TARIFFS ON AGRICULTURAL PRODUCTS OVER THE PAST FOUR YEARS. AS FOR THE REMAINING HIGH TARIFFS ON SOME AGRICULTURAL IMPORTS WHICH USTR HILLS WAS CONCERNED ABOUT, COA HAS ESTABLISHED A "GATT TASK FORCE" TO STUDY THE SCOPE AND TIMING OF FURTHER TARIFF REDUCTIONS. MEANWHILE, COA DIRECTOR-GENERAL SUN MING-HSIEN ALSO EXPRESSED HIS SERIOUS CONCERN TO HILLS OVER U.S. DELAYS IN ALLOWING TAIWAN TO EXPORT MANGOS AND LICHEES TO THE U.S. (JH)

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8. HILLS TO CONVEY AMCHAM MEMBERS' CONCERNS TO TAIWAN AUTHORITIES

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- CHINA TIMES, "U.S. WILL ESTABLISH ASIAN ENVIRONMENTAL CENTER IN TAIWAN BY EARLY NEXT YEAR," DEC. 3:

USTR CARLA HILLS MET WITH KEY MEMBERS OF THE TAIPEI AMERICAN CHAMBER OF COMMERCE AT A BREAKFAST MEETING YESTERDAY MORNING.

AMCHAM PRESIDENT JAMES O'HEARN TOLD HILLS THAT IN ORDER TO ACCOMODATE PRESIDENT BUSH'S "U.S.-ASIA ENVIRONMENTAL PARTNERSHIP" PROGRAM, WHICH WAS LAUNCHED BY BUSH DURING VISITS TO SEVERAL ASIAN COUNTRIES IN JANUARY, THE U.S. WILL ESTABLISH AN OFFICIALLY-SPONSORED "ASIAN ENVIRONMENTAL CENTER" ON TAIWAN BY EARLY NEXT YEAR. IN ADDITION TO AIT AND AMCHAM, KEY SPONSORS WILL ALSO INCLUDE THE CHINA TRUST AND INVESTMENT COMPANY. THE U.S. COMMERCE DEPARTMENT WILL PROVIDE MOST OF THE FUNDS FOR CREATION OF THE CENTER.

AMERICAN BUSINESSMEN SAID THEY HOPE HILLS WILL URGE THE TAIWAN AUTHORITIES TO MAKE BIDDING ON ALL MAJOR PROJECTS MORE TRANSPARENT SO THAT AMERICAN FIRMS ARE ASSURED OF FAIR OPPORTUNITIES FOR COMPETITION.

ASIAN-PACIFIC AMCHAM EXECUTIVE DIRECTOR ROBERT IRICK  
UNCLAS SECTION 05 OF 09 TAIPEI 08508  
AIT/W PASS STATE, NSC, USTR AND USIA  
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SAID AMERICAN BUSINESSMEN BELIEVE THAT TAIWAN'S  
CURRENT BIDDING REGULATIONS FAVOR JAPANESE FIRMS,  
DESPITE TAIWAN'S HUGE TRADE DEFICIT WITH JAPAN.  
IRICK ADDED THAT THE TAIWAN GOVERNMENT HAS SET VAGUE  
RESTRICTIONS ON THE SERVICES AND HIGH-TECH  
INDUSTRIES. SINCE THE U.S. IS A COUNTRY THAT  
EMPHASIZES "CLEAR RULES OF THE GAME," THE TAIWAN  
GOVERNMENT'S PRACTICES HURT ALL AMERICAN FIRMS. IN  
RESPONSE, HILLS SAID SHE WOULD CONVEY THEIR CONCERNS  
TO PRESIDENT LEE AND PREMIER HAU. (JH)

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9. TREASURY'S JAMES FALL MEETS WITH MOF  
AUTHORITIES ON BANKING ISSUES  
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- COMMERCIAL TIMES, "U.S.-TAIWAN FINANCIAL TALKS;  
WE URGE U.S. TO ALLOW ESTABLISHMENT OF BANK BRANCHES  
IN U.S.," DEC. 3:

U.S. DEPUTY ASSISTANT SECRETARY OF THE TREASURY  
JAMES FALL III MET YESTERDAY WITH THE HEAD OF THE  
MINISTRY OF FINANCE'S BUREAU OF MONETARY AFFAIRS  
CHEN MU-TSAI FOR FINANCIAL TALKS.

CHEN ASKED THE U.S. TO IMPROVE THE SITUATION  
INVOLVING TAIWAN BANKS' APPLICATIONS TO ESTABLISH  
BRANCHES IN THE UNITED STATES. FALL PROMISED TO  
RELAY THE MESSAGE TO THE FEDERAL RESERVE BOARD,  
WHICH HAS AUTHORITY OVER SUCH MATTERS.

THE U.S. SIDE TOUCHED ON SIX MAJOR ISSUES:

1. THE U.S. SIDE SOUGHT INFORMATION ON TAIWAN'S  
PLANS TO BECOME A REGIONAL FINANCIAL CENTER.
2. THE U.S. SIDE ASKED TAIPEI TO REMOVE OR EASE  
RULES LIMITING THE LOCAL NT DOLLAR DEPOSITS OF  
FOREIGN BANK BRANCHES IN TAIWAN TO 15 TIMES THE  
BRANCH'S CAPITAL BROUGHT IN FROM ABROAD. THE TAIWAN  
SIDE REJECTED THE REQUEST, SAYING THE LIMIT HAD  
ALREADY BEEN LOWERED TWO YEARS AGO.
3. THE U.S. SIDE ASKED TAIWAN TO EASE RESTRICTIONS  
ON THE NUMBER OF A FOREIGN BANK'S BRANCHES IN  
TAIWAN. THE TAIWAN SIDE DID NOT GIVE A FIRM REPLY  
ON THIS ISSUE.
4. THE U.S. SIDE REQUESTED THAT TAIWAN ALLOW  
FOREIGN BANKS TO ESTABLISH SUBSIDIARIES IN TAIWAN TO  
ENGAGE IN STOCKS AND BONDS BUSINESS. THE TAIWAN  
SIDE SAID THIS FALLS UNDER THE AUTHORITY OF THE  
SECURITIES AND EXCHANGE COMMISSION, NOT THE BUREAU

OF MONETARY AFFAIRS.

5. THE U.S. SIDE REQUESTED TAIWAN ALLOW THE TRADING OF MORE FINANCIAL INSTRUMENTS, SPECIALLY THOSE FOR FOREIGN EXCHANGE. THE TAIWAN SIDE REPLIED THAT THE ISSUE IS NOW BEING STUDIED BY THE MINISTRY.

6. THE U.S. SIDE ASKED FOR A RELAXATION OF THE LIMIT ON FOREIGN BANKS' FOREIGN EXCHANGE DEFICIT BALANCES. THE TAIWAN SIDE REPLIED THAT THIS FALLS UNDER THE AUTHORITY OF THE CENTRAL BANK OF CHINA.

(KC)

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10. SAMUEL SHIEH CALLS U.S. EXCHANGE RATE REPORT UNFAIR

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- ECONOMIC DAILY NEWS, "SAMUEL SHIEH: U.S. EXCHANGE RATE REPORT UNFAIR," DEC. 3:  
CENTRAL BANK OF CHINA GOVERNOR SAMUEL SHIEH SAID THAT THE U.S. EXCHANGE RATE REPORT RELEASED YESTERDAY WAS UNFAIR TO ACCUSE TAIWAN OF UNCLAS SECTION 06 OF 09 TAIPEI 08508  
AIT/W PASS STATE, NSC, USTR AND USIA  
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TAGS: PREL, ECON, TW, US  
SUBJECT: TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA MANIPULATING THE NT DOLLAR EXCHANGE RATE.

- UNITED DAILY NEWS, "YU CHENG TO MEET FALL TODAY," DEC. 3:  
DEPUTY GOVERNOR OF THE CENTRAL BANK OF CHINA YU CHENG IS SCHEDULED TO DISCUSS EXCHANGE RATE ISSUES TODAY WITH U.S. DEPUTY ASSISTANT SECRETARY OF THE TREASURY JAMES FALL III. (KC)

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11. AIT SURPRISED TO SEE TTWMB BURN ONLY SMUGGLED U.S. CIGARETTES

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- LIBERTY TIMES, "AIT UNHAPPY; WONDERS WHY ALL THE SMUGGLED CIGARETTES ARE U.S.-MADE PRODUCTS," DEC. 3:  
THE TAIWAN TOBACCO AND WINE MONOPOLY BUREAU YESTERDAY DRINED CONFISCATED SMUGGLED CIGARETTES DURING USTR CARLA HILLS' VISIT. OFFICIALS OF THE AMERICAN INSTITUTE IN TAIWAN WERE SURPRISED TO FIND THAT ALL OF THE SMUGGLED CIGARETTES BURNED YESTERDAY WERE U.S. PRODUCTS. AIT OFFICIALS COULD NOT UNDERSTAND WHY NO SMUGGLED JAPANESE CIGARETTES WERE BURNED, SINCE JAPANESE CIGARETTES ACCOUNT FOR 80 PERCENT OF ALL CIGARETTES SMUGGLED INTO TAIWAN. (ML)

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12. U.S.-TAIWAN IPR TALKS TO BEGIN TOMORROW

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- CHINA TIMES, "U.S., TAIWAN TO BEGIN IPR TALKS TOMORROW," DEC. 3; ALSO COMMERCIAL TIMES: THIS YEAR'S LAST ROUND OF TAIPEI-WASHINGTON TALKS ON INTELLECTUAL PROPERTY RIGHTS WILL BEGIN TOMORROW IN TAIPEI. THE U.S. SIDE HAS PRESENTED EIGHT ISSUES FOR THE AGENDA. INSPECTION OF TAIWAN'S COMPUTER SOFTWARE EXPORTS, COPYRIGHT ISSUES AND RETROACTIVE PATENT PROTECTION FOR U.S. PHARMACEUTICAL AND AGROCHEMICAL PRODUCTS IN TAIWAN WILL BE THE FOCUS OF THE TALKS, SOURCES SAID. (IC)

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13. LOCAL COMPANIES PROTEST U.S. REQUEST ON PHARMACEUTICAL PATENTS

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- UNITED DAILY NEWS, "TMMA PROTESTS TO U.S. AGAINST RETROACTIVE PROTECTION FOR PHARMACEUTICAL PATENTS," DEC. 3: THE TAIWAN MEDICINE MANUFACTURERS ASSOCIATION ISSUED A STATEMENT YESTERDAY PROTESTING AGAINST A POSSIBLE SECTION 301 THREAT TO OBTAIN RETROACTIVE PATENT PROTECTION FOR U.S. PHARMACEUTICAL PRODUCTS. THE ASSOCIATION ALSO CRITICIZED A PLAN BY THE MINISTRY OF ECONOMIC AFFAIRS TO REVISE THE PATENT LAW. THE TMMA SAID THAT IT PLANS TO STAGE A MASS DEMONSTRATION DURING U.S.-TAIWAN PHARMACEUTICAL CONSULTATIONS. (SK)

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14. PRESIDENT LEE MEETS THREE U.S. CONGRESSMEN

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- INDEPENDENCE MORNING POST, "LEE MEETS THREE U.S. CONGRESSMEN," DEC. 3: PRESIDENT LEE TENG-HUI SAID YESTERDAY THAT WASHINGTON'S SUPPORT FOR TAIPEI JOINING THE ASIA PACIFIC ECONOMIC COOPERATION FORUM LAST YEAR MEANT A GREAT DEAL TO TAIWAN AND THE ASIA PACIFIC REGION. LEE MADE THE REMARKS WHEN RECEIVING THREE VISITING UNCLAS SECTION 07 OF 09 TAIPEI 08508 AIT/W PASS STATE, NSC, USTR AND USIA STATE FOR EAP/RA/TC NSC FOR PAAL USTR FOR CASSIDY AND LYDON USIA FOR EA E.O. 12356: N/A TAGS: PREL, ECON, TW, US SUBJECT: TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA U.S. CONGRESSMEN YESTERDAY -- REPRESENTATIVES BOB SMITH, DAN BURTON AND ROY ROWLAND. (IC)

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15. DPP CHAIRMAN DISCUSSES F-16 SALE, HUMAN RIGHTS WITH U.S. SENATORS

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- INDEPENDENCE MORNING POST, "DPP CHAIRMAN MEETS U.S. SENATORS AT BREAKFAST MEETING; DPP SUPPORTS U.S. SELLING F-16 FIGHTERS TO TAIWAN," DEC. 3:

DDP CHAIRMAN HSU HSIN-LIANG MET WITH U.S. SENATORS ALAN CRANSTON (D-CALIF.) AND FRANK H. MURKOWSKI (R-ALASKA) YESTERDAY. HSU TOLD THE TWO VISITING U.S. SENATORS THAT ALTHOUGH HIS PARTY ADVOCATES CUTTING TAIWAN'S DEFENSE BUDGET, IT BELIEVES TAIWAN STILL NEEDS A STRONG AIR AND COASTAL DEFENSE. THEREFORE, THE DPP FULLY SUPPORTS THE U.S. SALE OF F-16 FIGHTERS TO TAIWAN. THE TWO SENATORS REPORTEDLY ALSO DISCUSSED THE FAIRNESS OF TAIWAN'S ELECTIONS AND HUMAN RIGHTS WITH THE DPP CHAIRMAN. (JH)

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16. CRANSTON: CLINTON ADMINISTRATION WILL FOLLOW  
POLICY OF ENGAGEMENT

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- CHINA TIMES, "U.S. SENATOR CRANSTON: CLINTON WILL ADOPT 'POLICY OF ENGAGEMENT,'" DEC. 3: DURING A SPEECH LAST NIGHT, U.S. SENATOR ALAN CRANSTON SAID PRESIDENT-ELECT BILL CLINTON WILL ADOPT A "POLICY OF ENGAGEMENT" TO ACHIEVE THREE GOALS:

- TO MAKE REDUCTIONS OF MILITARY EXPENDITURES POSSIBLE;
- TO ACCELERATE DEVELOPMENT OF GLOBAL MARKET LIBERALIZATION; AND
- TO REBUILD THE U.S.'S LEADING POSITION IN THE WORLD ECONOMY.

ACCORDING TO CRANSTON'S ANALYSIS, ALTHOUGH PRESIDENT CLINTON WILL PUT HIS EMPHASIS ON DOMESTIC ECONOMIC MATTERS, THE U.S. WILL ABSOLUTELY NOT TURN TO "ISOLATIONISM." ON THE CONTRARY, "THE U.S. POLICY OF ENGAGEMENT" WILL BECOME A MAJOR POLICY OF THE CLINTON ADMINISTRATION. (JH)

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17. UDN COMENTS ON PRESS RESTRICTIONS DURING HILLS  
VISIT

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- UNITED DAILY NEWS, JAMES WANG, WASHINGTON DATELINE, "EAST MEETS WEST; AMERICAN OFFICIALS HAVE SELF-DISCIPLINE; HILLS WEARS HAT OF 'PRIVATE VISIT;' STICKS TO AMERICAN CONCEPT OF DEALING WITH PRESS," DEC. 3:

UNITED STATES TRADE REPRESENTATIVE CARLA HILLS HAS INTENTIONALLY AVOIDED LOCAL PRESS COVERAGE BECAUSE SHE DOES NOT WANT TO PLAY UP THE NEWS ABOUT HER BEING THE FIRST U.S. CABINET OFFICIAL TO VISIT TAIPEI AND BECAUSE WESTERN AND ASIAN WAYS OF HANDLING THESE THINGS ARE SOMEWHAT DIFFERENT. FACING PROTESTS FROM BEIJING OVER HILLS' VISIT, THE U.S. ANNOUNCED THAT SHE IS PAYING A PERSONAL VISIT TO TAIWAN AT THE INVITATION OF THE PRIVATE SECTOR. HILLS DOES NOT WANT TO COMPLICATE THE U.S. ADMINISTRATION'S RELATIONS WITH MAINLAND CHINA WITH HER VISIT TO TAIWAN. MOREOVER, U.S. GOVERNMENT

OFFICIALS ARE PRUDENT AND PRINCIPLED WHEN DEALING  
UNCLAS SECTION 08 OF 09 TAIPEI 08508  
AIT/W PASS STATE, NSC, USTR AND USIA  
STATE FOR EAP/RA/TC  
NSC FOR PAAL  
USTR FOR CASSIDY AND LYDON  
USIA FOR EA  
E.O. 12356: N/A  
TAGS: PREL, ECON, TW, US  
SUBJECT: TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA  
WITH THE PRESS. IF THEY WISH TO TALK, THEY WILL  
TALK IN MEASURED WORDS. IF THEY DO NOT WANT TO  
TALK, THEY WON'T -- EVEN IF THE MEDIA THRUSTS A  
MICROPHONE IN THEIR FACE. THIS IS DIFFERENT FROM  
ASIA, WHERE ALL CONTROL AND DISCIPLINE IS LOST ONCE  
A MICROPHONE APPEARS.  
AMERICAN OFFICIALS TYPICALLY PUT STRICT LIMITS ON  
PRESS ACCESS TO CERTAIN EVENTS. MAYBE ASIA HAS  
REASON TO SAY THAT THE U.S. -- WHICH SAYS IT HAS  
FREEDOM OF THE PRESS -- IN FACT HAS NO SUCH  
FREEDOM. (ML)

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18. CMT: U.S. MOVES TO FIX ECONOMY WILL AFFECT  
TRADE TIES WITH TAIWAN

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- COMMERCIAL TIMES, EDITORIAL, "U.S. ECONOMIC  
DIFFICULTIES AND FUTURE OF U.S.-TAIWAN TRADE," DEC.

3:  
THE UNITED STATES' INCREASING RELIANCE ON TRADE HAS  
RESULTED IN A SERIOUS IMPACT ON ITS ECONOMY IN THE  
AREAS OF PRODUCTION, EMPLOYMENT, INVESTMENT AND  
CONSUMPTION. INDUSTRIALIZED NATIONS WILL NOT BE  
ABLE TO MAINTAIN HIGH WAGES AND EXCESSIVE  
CONSUMPTION UNDER THE PRESSURE OF INTERNATIONAL  
COMPETITION.

THE U.S. SHOULD MAKE EFFORTS ON A LONG-TERM BASIS TO  
UPGRADE ITS TECHNOLOGY, PROMOTE INDUSTRIAL  
INVESTMENT AND IMPROVE LABOR QUALITY IN ORDER TO  
RESTORE THE INTERNATIONAL COMPETITIVENESS OF  
AMERICAN INDUSTRIAL PRODUCTS. HOWEVER, IT WILL TAKE  
A LONG TIME TO MAKE SUCH AN ADJUSTMENT. THEREFORE,  
THE U.S. WILL CERTAINLY SEEK OTHER WAYS TO IMPROVE  
ITS ECONOMY IN THE SHORT-TERM.

AFTER BILL CLINTON ASSUMES HIS NEW OFFICE, THE U.S.  
ADMINISTRATION IS EXPECTED TO BECOME TOUGHER IN  
DEMANDING THAT ITS TRADING PARTNERS OPEN MARKETS AND  
ENGAGE IN FAIR TRADE PRACTICES IN ORDER TO PROMOTE  
U.S. PRODUCTS. THE U.S. WILL ACTIVELY PROMOTE THE  
MULTILATERAL NEGOTIATIONS OF THE URUGUAY ROUND IN AN  
ATTEMPT TO REMOVE THE TRADE BARRIERS AFFECTING ITS  
SERVICES AND AGRICULTURAL INDUSTRIES, SINCE THE U.S.  
REMAINS COMPETITIVE IN THESE TWO AREAS. MOREOVER,  
THE U.S. WILL STRENGTHEN THE PROTECTION OF  
INTELLECTUAL PROPERTY RIGHTS, HOPING TO IMPROVE ITS

INTERNATIONAL COMPETITIVENESS.

TAIWAN WILL REMAIN A TARGET OF U.S. TRADE NEGOTIATIONS SINCE TAIWAN SELLS ONE FOURTH OF ITS EXPORTS TO THE U.S. AND ITS TRADE SURPLUS WITH THE U.S. IS EXPECTED TO COME TO USDLO BILLION THIS YEAR. ON THE OTHER HAND, U.S. EFFORTS TO STRENGTHEN THE GENERAL AGREEMENT ON TARIFFS AND TRADE REGIME WILL BENEFIT TAIWAN'S LONG-TERM ECONOMIC DEVELOPMENT. WE BELIEVE THAT THE GOVERNMENT SHOULD ENGAGE IN NEGOTIATIONS WITH THE U.S. ON MARKET OPENING ISSUES, INCLUDING A REDUCING PROTECTION OF AGRICULTURAL AND INDUSTRIAL PRODUCTS. HOWEVER, WE SHOULD ARGUE STRONGLY ON JUST GROUNDS CONCERNING U.S. DEMANDS FOR NT APPRECIATION. AND WE SHOULD NOT GIVE PREFERENTIAL TREATMENT FOR U.S. FIRMS IN THE NATIONAL DEVELOPMENT PLAN PROJECTS.

WE ARE PLEASED TO SEE THAT TAIWAN HAS RECENTLY ACHIEVED A BREAKTHROUGH IN ITS TRADE RELATIONS WITH THE U.S. WE ALSO BELIEVE THAT TAIWAN-U.S. TRADE RELATIONS WILL BE FURTHER PROMOTED SINCE THE CLINTON ADMINISTRATION WILL GIVE PRIORITY TO U.S. ECONOMIC INTERESTS. (ML)

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19. APEC MEETING ALLOWS MOFA AUTHORITIES TO ENTER UNCLAS SECTION 09 OF 09 TAIPEI 08508  
AIT/W PASS STATE, NSC, USTR AND USIA  
STATE FOR EAP/RA/TC  
NSC FOR PAAL  
USTR FOR CASSIDY AND LYDON  
USIA FOR EA  
E.O. 12356: N/A  
TAGS: PREL, ECON, TW, US  
SUBJECT: TAIWAN MEDIA REACTION ON VISIT BY USTR CARLA  
STATE DEPARTMENT

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- UNITED DAILY NEWS, JAMES C. WANG, WASHINGTON DATELINE, "HILLS 'LEADS THE WAY;' REPRESENTATIVES FROM TAIPEI BREAK NEW GROUND IN ENTERING U.S. STATE DEPARTMENT," DEC. 3:  
DIRECTOR OF THE MINISTRY OF FOREIGN AFFAIRS' DEPARTMENT OF INTERNATIONAL ORGANIZATIONS, WU TZ-DAN, AND DIRECTOR-GENERAL OF THE BOARD OF FOREIGN TRADE SHEU KE-SHENG WILL STEP INSIDE THE U.S. STATE DEPARTMENT FOR THE FIRST TIME ON DECEMBER 2 TO TAKE PART IN AN ASIA-PACIFIC ECONOMIC COOPERATION MEETING OF SENIOR OFFICIALS. THIS IS THE FIRST TIME SINCE TIES BETWEEN TAIWAN AND THE U.S. WERE SEVERED THAT OFFICIALS FROM TAIPEI HAVE BEEN ALLOWED INSIDE THE STATE DEPARTMENT ON OFFICIAL BUSINESS.  
CHIEF CCNAA REPRESENTATIVE TING MAO-SHIH, HIS DEPUTY CHEN SHI-FANG, AND CCNAA ECONOMIC SECTION CHIEF PAN CHIA-SHENG HAVE ALSO BEEN INVITED BY THE U.S. APEC DELEGATION TO ATTEND A RECEPTION AT THE STATE DEPARTMENT. (JH) BROOKS

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