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NORMALIZATION

SPECIAL MESSAGE TO NATIONAL COUNCIL MEMBERS

A new era in US-China trade has opened with President Carter's decision to establish diplomatic relations with the People's Republic of China.

Even before this historic decision was announced, all indications pointed to a record-breaking 1978 two-way trade with China in excess of one billion dollars.

Now, with the removal of the political roadblock which has inhibited a more rapid expansion of US-China trade, the United States is in a position to compete more effectively for a larger share of China's rapidly expanding world trade.

The normalization of relations between Washington and Peking will also facilitate the resolution of other problems which have slowed the development of US-China trade. I refer, of course, to such matters as the frozen assets and private claims issue, ExImBank financing for US exports to China and the negotiation of Most-Favored-Nation tariff status with China.

Hopefully, these will be among the matters discussed in Peking by Secretaries Blumenthal and Kreps, who are expected to visit China within the next few months.

In assessing the impact of the President's action on US trade with all parts of China, including Taiwan, it is worth noting comments made by both President Carter and Deputy Premier Teng Hsiao-ping. The President stated that the US will maintain its current commercial relations with Taiwan through non-governmental means. Deputy Premier Teng, in a recent interview with an American correspondent, reportedly said that China wanted the higher Taiwanese standard of living and that American trade and investment in Taiwan would continue following normalization of relations. This, of course, has been the experience of Japan and other nations following the termination of diplomatic relations with Taiwan.

In brief, there should be no obstacle to the continuation of mutually beneficial trade between the US and all parts of China.

I am sure I reflect the sentiments of all National Council members in expressing the belief that the establishment of diplomatic relations between the US and China will contribute, not only to expanded trade between our two countries, but to the enhancement of world peace. In cooperation with our Chinese trading partners we pledge our best efforts to these ends.



Christopher H. Phillips
President