

2002
ANNUAL
REPORT

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ON
UNITED STATES-
CHINA
RELATIONS



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**Effective December 6, 2001 – December 5, 2002*



NATIONAL
COMMITTEE
ON
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The National Committee on United States-China Relations is a nonprofit educational organization that encourages understanding of China and the United States among citizens of both countries. The Committee focuses its exchange, educational and policy activities on international relations, economic development and management, governance and legal affairs, education administration, environmental and other global issues, and the media, addressing these issues with respect to the People's Republic, Hong Kong SAR and Taiwan. The Committee's programs draw strength from its members, who now number nearly 700 Americans from all parts of the country and about 70 corporations and professional firms. They represent many viewpoints, but share the belief that productive U.S.-China relations require ongoing public education, face-to-face contact and forthright exchange of ideas.

LETTER
FROM THE
CHAIR AND
PRESIDENT

In 2002 U.S.-China relations continued the improvement that had begun the previous year with the resolution of the EP-3 incident and gained additional momentum following China's support for America's fight against terrorism. In February 2002 President George W. Bush paid a second visit to China, the first time a sitting American president had visited the country more than once. In late April China's Vice President Hu Jintao, the heir apparent to the top party and state positions then held by Jiang Zemin, visited the United States. (The National Committee was the lead organization among several that hosted a dinner for Vice President Hu on May 1 in Washington, DC.)

China's 2001 accession to the World Trade Organization helped underpin growth in trade and investment this year, with Chinese exports to the United States rising 22.4% to \$125.2 billion, and American exports to China rising 15.0% to \$22.0 billion. Foreign investors, encouraged by the prospects for China's economy, increased foreign direct investment (FDI) in China to \$52.7 billion, causing China for the first time to surpass the United States as the number one destination for FDI.

China's GDP continued to grow at an impressive rate (8.0%), but the country, well into its third decade of "reform and opening," still faced major social, political, environmental and economic hurdles. A considerable number of the National Committee's activities support China in its search for solutions to these challenges: in 2002 our programs addressed issues dealing with the economy (agricultural trade and sub-sovereign debt); governance (court specialization, legal aid and elections); the environment (hazardous waste management); the media (business and economic reporting); education (English teaching and special education); and international relations (international intervention, cross-

Strait relations, the Korean peninsula and crisis management). Regular readers of this report have undoubtedly noted that, over the years, our programs increasingly broach sensitive subjects, something that is indicative of progress in China's reforms as well as the growing maturity of U.S.-China relations.

The Committee also maintains a number of ongoing programs. The oldest of them is the U.S.-China Dialogue, which began in 1984, and is the longest-running program of its kind in the bilateral relationship. The eleventh session of the Dialogue was held this year. The high-level, Track II meetings organized since 1997 by the Committee and the Stanford-Harvard Preventive Defense Project is another important, ongoing channel of communication. In 2002 meetings were held in Taipei, Shanghai and Beijing. In addition, we have been administering the AOL Time Warner intern program for five years.

This year we launched a new, sustained initiative to enable outstanding young Americans and Chinese to develop lasting relationships that will, we hope, help the two countries communicate and collaborate better in the future. The enthusiasm of the participants in the first meeting of this Young Leaders Forum is encouraging for the long-term prospects of U.S.-China relations.

Another long-term investment in the future of Sino-American relations is the U.S.-China Teachers Exchange Program, which moved to the National Committee this year from the American Council of Learned Societies, where it had been based since it was founded in 1996. What better way to build lasting bridges between China and America than through K-12 teachers and students? We are delighted that this program, generously funded by the Freeman Foundation, has found a home at the National Committee, and that its excellent manager Margot Landman has joined our team.

2002 was a year of building for the National Committee. In addition to the two new long-term programs described above, we joined a consortium that successfully bid on a U.S. Department of Labor project to assist China in drafting

and implementing labor laws and regulations. This four-year project will begin in 2003. We also designed a program to help some of China's future leaders understand how the United States makes and manages foreign policy. The U.S. Foreign Policy Colloquium will bring 200 Chinese graduate students in the United States to Washington, DC for an intensive orientation program that we will put together with our partner, the Elliott School of International Affairs at the George Washington University. We have received generous funding for the first three years of this program from The Coca-Cola Company.

The many differences between the United States and China, the rapidity of change occurring in both countries, and the always-present potential for misunderstanding and miscalculation ensure that Sino-American relations will remain complex for the foreseeable future. Given the many advantages of cooperation—and the high costs of confrontation—to both countries, programs that help the United States and China better understand and manage their relationship constitute a very wise investment. Those described in this report were designed with these goals in mind; we believe that they represent very good value indeed.



Carla A. Hills
Chair



John L. Holden
President

People-to-people contact has always been the foundation of the National Committee's programs. By engaging American and Chinese citizens in dialogues on topics of shared professional interest, our exchange programs open the door to deeper understanding of each other's history, politics, culture and society. Many people embark on National Committee-sponsored exchanges with misconceptions or outdated views. Our programs enable participants, Chinese and Americans alike, to recalibrate their perspectives, so that they more accurately reflect the dynamics and diversity of each country.

The National Committee works to develop innovative programs that reflect the current shared interests of Americans and Chinese. Program themes this year included local elections, legal aid, cooperation in counter-terrorism, and other topics that were unlikely grounds for Sino-American exchanges in the not-so-distant past. We recognize the irreplaceable value of firsthand experience and therefore design itineraries that give program participants opportunities to meet with their professional peers, spend time both in modern cities and at historical landmarks, and hear the opinions of everyday citizens as well as senior officials.

Our work, in turn, has been greatly enriched by the participants in our programs—more than 5,000 Americans and Chinese to date. Many of them remain engaged with the Committee by providing us with ideas for subsequent programs or by hosting visiting delegations. And, by sharing their experiences with colleagues and friends, they extend the impact of our work to countless others who thus indirectly benefit from it.

Further information on the following programs can be found in *Notes from the National Committee*, in the *China Policy Series* and on the Committee's website.

As China assumes a greater role on the world stage, there is greater scope for its interaction with the United States. This adds both benefits and strains to the bilateral relationship, as international issues have the capacity to underscore shared interests as well as areas of disagreement. It also creates new opportunities for the National Committee to bring together Chinese and American specialists to discuss international and regional security issues and the underlying concerns of both countries. The U.S.-led war on terrorism, tensions on the Korean peninsula, controversies over humanitarian intervention and nation building, and the United Nations debates on weapons of mass destruction in Iraq were some of the examples in 2002 that tested the depth and maturity of U.S.-China relations and that served as the focus of National Committee programs.

The impending leadership change in China added another dimension to interaction between U.S. and Chinese policy-makers and political analysts in both countries. Vice President Hu Jintao, the heir apparent to President Jiang Zemin, began taking a more prominent public role in the run-up to the 16th Party Congress, held in November 2002. His visit to the United States in the spring of 2002 provided China watchers with an opportunity to assess his interaction with American policy-makers, parse his statements on China's role in world affairs and the Taiwan issue, and consider the implications of his leadership for the future of U.S.-China relations.

INTERNATIONAL INTERVENTION

As China becomes a more active player in the international arena, it must weigh the balance between the principle of state sovereignty and the need for the international community to intervene within a country for security or humanitarian reasons. China traditionally has placed supreme importance on state sovereignty, in part because of its own concern about the potential for outside intervention in what it regards as its internal affairs, such as Taiwan and Tibet.

Yet a five-member National Committee delegation of specialists on various aspects of international intervention found that China occasionally demonstrates some degree of flexibility on these matters. Discussions with Chinese policy-makers at conferences in Beijing and Shanghai in January 2002 probed the reasons for China's acceptance of intervention in Somalia and Rwanda, its outspoken criticism of action in Kosovo and its contribution of personnel to the East Timor peacekeeping mission. The American delegation was particularly interested in the subtle differences that characterized Chinese colleagues' views on these sensitive issues and the implications for China's involvement in future humanitarian intervention efforts.

Outside the conferences, hosted in Beijing by the China Reform Forum and in Shanghai by the Shanghai Institute for International Relations, the Americans had opportunities to compare Chinese and American attitudes on a wide range of subjects in meetings with Central Party School staff, members of the American Chamber of Commerce in Shanghai, students and faculty at the Hopkins-Nanjing Center for Chinese and American Studies, and Chinese and western journalists.

Retired Army General William L. Nash, currently director of the Council on Foreign Relations' Center for Preventive Action, led the delegation, which included Allen Carlson, assistant professor of government at Cornell University (who specializes in China's views of sovereignty); Adam Garfinkle, editor of *The National Interest*; Sean D. Murphy, professor at George Washington University Law School and a former State Department lawyer who served at The Hague; and Thomas G. Weiss, presidential professor at the City University of New York Graduate Center and director of the Ralph Bunche Institute for International Studies. Professor Weiss was the co-research director for the International Commission on Intervention and State Sovereignty. The Commission produced a major report, *The Responsibility to Protect*, just one month prior to our program; the report provided a basis for much of the discussions in China.

Support for the program was provided by the State Department's Bureau of Educational and Cultural Affairs and the Ford Foundation.

The delegation report, *Protecting Sovereignty, Accepting Intervention: The Dilemma of Chinese Foreign Relations in the 1990s*, was written by Allen Carlson and published in the Committee's *China Policy Series*. It is available in printed form upon request and is posted on the National Committee website (www.ncusr.org). A compilation of the American and Chinese papers presented at the conference in Beijing has been published in Chinese by the China Reform Forum.



11TH UNITED STATES-CHINA DIALOGUE

Major events marked Sino-American relations in the two years between the 10th U.S.-China Dialogue of January 2000 and the 11th in June 2002: the election of President George W. Bush; the collision of an American reconnaissance plane and a Chinese fighter jet off the coast of China; the decision by the United States to offer a "robust" package of arms to Taiwan; President Bush's statement that the United States will do "whatever it takes" to help Taiwan defend herself; the September 11 terrorist attacks on the United States; Chinese support for America's war on terrorism; two visits to China by President Bush; and the visit to the United States of then-Vice President Hu Jintao. These events informed the agenda of the 11th Dialogue, held June 14-16, 2002 at

International Intervention Delegation members Sean Murphy, Tom Weiss, Adam Garfinkle and William Nash toured the Great Wall, accompanied by National Committee vice president Jan Berris and Zhang Jia of the China Reform Forum.

the Pocantico Conference Center of the Rockefeller Brothers Fund in Tarrytown, NY. The U.S.-China Dialogue, known as *Zhong-Mei Zhiming Renshi Duihua* in Chinese, was initiated in 1984 by the National Committee and the Chinese People's Institute of Foreign Affairs (CPIFA) to facilitate frank and productive communication on sensitive issues in the U.S.-China relationship. This year's program focused on how national interests are reflected in domestic and external strategies, perceptions and misconceptions, and means of reducing differences and frictions in the bilateral relationship.



Ambassador Mei Zhaorong of CPIFA and National Committee chair Carla Hills (center) led the delegations that participated in the 11th U.S.-China Dialogue.

There were 13 American and 13 Chinese former and current government officials, academics, business people, educators and non-governmental organizations representatives at the Dialogue this year. The American contingent was led by National Committee chair Carla A. Hills and included Jeffrey Bader, Stonebridge International; Mary Brown Bullock, Agnes Scott College; Thomas J. Christensen, Massachusetts Institute of Technology; Barbara Hackman Franklin, Barbara Franklin Enterprises; Andrew Kohut, Pew Research Center for the People and the Press; Richard Madsen, University of California, San Diego; retired U.S. Navy Admiral Eric McVadon; Kenneth Roth, Human Rights Watch; Helmut Sonnenfeldt, The Brookings Institution; J. Stapleton Roy, Kissinger Associates; and National Committee president John L. Holden and vice president Jan Berris.

Ambassador Mei Zhaorong of CPIFA led the Chinese delegation, which included Tang Shubei, Research

Center for Relations Across the Taiwan Strait; Hou Gang, China Institute for International Strategic Studies; Qiu Shengyun, CPIFA; Fan Guoxiang, China Society for Human Rights Studies; former Ambassador to Canada Zhang Wenpu; Ding Yuanhong, former Ambassador to the European Union and Belgium; Qian Wenrong, Xinhua Center for World Affairs Studies; Ni Shixiong, Fudan University; Zhang Kunsheng, Ministry of Foreign Affairs; Han Pingping, CPIFA; Hong Bing, CPIFA; and Jiang Xiaoming, CPIFA.

As in past Dialogues, there was general agreement about the importance of maintaining healthy relations between the United States and China, and it was noted that both countries had made significant efforts to do so in the wake of the EP-3 incident of April 2001. There was an extensive discussion of human rights issues that was notable for its civility. The discussion of matters relating to Taiwan was more sensitive, despite (or perhaps because of) the longevity of the issue in U.S.-China relations.

In the days preceding and following the Dialogue, the Chinese delegation spent time in New York City, Washington, DC, Philadelphia and other Pennsylvania sites. Among the highlights of their visits to these cities were briefings at the Lower Manhattan Development Corporation, Council on Foreign Relations, Foreign Policy Research Institute and the U.S. Institute for Peace; discussions with several U.S. Senators and Congressmen; and tours of the Gettysburg battlefield and Pennsylvania Dutch country.

Funding for the program was provided by the Ford Foundation.

PREVENTIVE DEFENSE PROJECT

Domestic politics and the implications for cross-Strait policy were the main topics of discussion for the Strategic Security Delegation that went to Taiwan and the PRC in November 2002. The delegation of security specialists—including former officials from the administrations of George H. W. Bush and Bill Clinton—traveled to the region for Track II discussions under the auspices of the Preventive Defense Project (PDP) and the National

Committee. The PDP, a joint project of Stanford and Harvard universities, was founded in 1998 by former Secretary of Defense William J. Perry and former Assistant Secretary of Defense for International Policy Ashton B. Carter; the National Committee has cooperated with the PDP on six programs with interlocutors from the PRC and Taiwan.

In Taipei, the group found political gridlock caused by the inability of the ruling Democratic Progressive Party (DPP) to garner legislative majorities for its agenda, and wide disagreement about how to deal with cross-Strait issues such as transportation and shipping links. Discussions of these and other issues were held with President Chen Shui-bian and several of his cabinet members and advisors. The delegation also met with the two major opposition parties, the Kuomintang and the People's First Party, which were well down the road toward joining forces to challenge President Chen in the 2004 elections. In order to shore up support within his own party, the president was perceived to be unlikely to make conciliatory moves toward Beijing. While the business community is eager to see progress in opening the "three links" with the mainland, the prospects for this seemed unlikely in the absence of a significant realignment of political forces in Taiwan.

The delegation arrived in the PRC soon after the conclusion of the 16th Party Congress. As anticipated, Hu Jintao was designated Party Secretary; Jiang Zemin indicated to the group that he would stay on as head of the Central Military Commission. The group found uniform agreement among its interlocutors that the leadership transition would continue to be smooth. In addition to cross-Strait issues, the delegation also had discussions about the situation on the Korean peninsula and crisis management.

Dr. Perry led the delegation, which included Michael Armacost, former Undersecretary of State for Political Affairs and former president of The Brookings Institution; Kurt Campbell, Center for Strategic and International Studies; Dr. Carter, John F. Kennedy School of Government, Harvard

University; David M. Lampton, Johns Hopkins University School of Advanced International Studies; Thomas O'Gara, O'Gara Industries; Joseph Prueher, former Ambassador to China and former Commander in Chief of the Pacific Command; former National Security Advisor Brent Scowcroft, now president of The Scowcroft Group; John Shalikashvili, former chairman of the Joint Chiefs of Staff; Elizabeth Sherwood-Randall, Center for International Security and Cooperation, Stanford University; John L. Holden and Jan Berris of the National Committee; and Deborah Gordon of Stanford's Center for International Security and Cooperation.



ECONOMIC DEVELOPMENT AND MANAGEMENT

Policy analysts and business leaders have viewed China's accession to the World Trade Organization (WTO) as convincing evidence of the country's commitment to continuing economic reform and strengthening its ties to the international community. While the overall effects of WTO membership are expected to be positive for China, the country's leaders are also concerned about negative impacts on some economic sectors. At the same time, the international community is concerned about China's capacity to bring its system into compliance with WTO standards in relatively short order.

For the National Committee, China's WTO accession and continuing economic expansion represent new opportunities for ground-breaking exchanges. Our economic exchanges have always been on the "cutting edge" of China's development concerns—

Wang Jisi (left), director of the Institute of American Studies, Chinese Academy of Social Sciences and Zheng Bijian, former vice president of the Central Party School, discuss security issues with former Secretary of Defense Bill Perry.

whether the focus was on the development of economic law (1983), inflation and monetary policy (1990), or futures trading (1993). In 2002, our exchanges responded to China's ongoing need for information useful in formulating new economic policies, as well as the growing nexus of interests between the Chinese and American business communities.

AGRICULTURE AND WTO

Accession to the World Trade Organization has been a catalyst for change in China's agricultural sector, with both benefits and challenges for those who depend on agriculture and food industries for

Interpreter Harry Dai and delegation members Mechel Paggi, Wendy Tai, Isi Siddiqui, Fred Crook and Bob Anderson in front of the Russian Orthodox Church of St. Sophia in Harbin.



their livelihoods. While more open markets will bring overall gains to the Chinese economy, there is concern about the short-term effects on rural areas. To address some of these concerns, the National Committee developed a program to bring together American and Chinese agricultural and trade experts to discuss practical ways that national, provincial and local governments and enterprises can minimize disruptions and maximize possible gains. A six-member American delegation traveled to Beijing, Harbin, Yangzhou and Shanghai in October 2002 to participate in workshops, roundtable discussions and site visits.

Workshops in Beijing, Harbin and Yangzhou focused on both domestic agricultural issues and international trade in agricultural products. The audiences in the three venues were quite different. Researchers from universities and policy institutes made up a large portion of the 100-member audience in Beijing. In Harbin, many participants were cadres from provincial and local governments, especially from the rural departments and agricultural bureaus. In Yangzhou, the workshop became part of a weeklong agricultural expo, which enabled the delegation to reach more than 500 people.

Despite the widely varying backgrounds of the participants, delegation members found a number of issues of common concern, such as slow growth in rural incomes; the need to reform rural structures to meet domestic and foreign competition; market access for Chinese exports; problems in finding capital to invest in agriculture and rural enterprises; and a shortage of trained personnel to administer quality standards, conduct foreign trade and deal with WTO administration.

The group also visited a soybean processing facility and an agricultural development zone in Harbin, saw the diversity of products on display at the Yangzhou expo, and discussed the outlook for agricultural trade with the staff of Shanghai's Foreign Economic Relations and Trade Commission.

The delegation included Robert B. Anderson, president of Sustainable Strategies, Inc.; Gary Chu, managing director of General Mills China and Wendy Tai, director of public policy at General Mills headquarters; Fred Crook, president of The China Group, an agricultural consulting firm; Mechel S. Paggi, director of the Center for Agricultural Business at California State University-Fresno; and Isi A. Siddiqui, vice president of biotechnology and trade for CropLife America. The group was hosted by the China Development Research Foundation, an organization associated with the State Council's Development Research Council.

The project was funded by the Department of State's Bureau of Educational and Cultural Affairs.

DEVELOPING MUNICIPAL FINANCE IN CHINA

Chinese cities are looking for new ways to finance water supply and wastewater treatment, district heating, local and regional transportation, and other major infrastructure projects. To date, cities have not been able to raise funds by issuing municipal bonds, as China prohibits sub-sovereign units of government from issuing bonds or otherwise taking on debt. The National Committee collaborated with the Woodrow Wilson Center's Environmental Change and Global Security Project to send a delegation of American specialists to China to explore the benefits and challenges associated with using municipal forms of finance for environmental projects.

Over the course of ten days in China, the American delegation met with national policy-makers, municipal bureaucrats responsible for infrastructure development, provincial government authorities and managers, and academics who provide advice and expertise to the government. China's Institute for Spatial Development and Regional Economy, an entity under the State Planning Development Commission, helped arrange the delegation's itinerary in China. The Institute plays a key role in approving major infrastructure investments and development policy, and has been considering allowing experiments in municipal bond finance.

At workshops in Beijing, Shanghai and Hangzhou, the specialists spoke about the responsibilities of national and local governments, and private and public sectors in developing and implementing various types of financial mechanisms; financial instruments used by American cities and states to fund clean air and water projects; and the legal, political and financial dimensions of developing a banking system that can support municipal finance.

Members of the delegation were Albert Appleton, senior fellow at the Regional Planning Association; Angela Chen, executive officer of the Iowa Department of Natural Resources' Energy and Waste Management Bureau; Robert Doty, president of the American

Governmental Finances Services Company; Hyman Grossman, an independent consultant; and Bartley Hildreth, professor of public finance at Wichita State University.

As a result of the trip and meetings in Shanghai with the Water Assets Operation and Development Company, Mr. Appleton and Mr. Grossman are now working as consultants on a major municipal financing project there.

Support for the National Committee's work on this project was provided by the U.S. Department of State's Bureau of Educational and Cultural Affairs.

GOVERNANCE AND LEGAL AFFAIRS

National Committee exchanges related to governance and legal affairs have proven to be particularly fertile. Chinese and Americans may embark on National Committee exchange programs with the expectation that sharp differences in the two countries' legal systems, electoral politics and economic development will leave little common ground for discussion. That has not proven to be the case, however, as governance and law are dynamic issues in both countries. Recently, we have found that professional ethics, changes driven by technology, budgetary constraints, and the relevance of legal precedence were subjects that had particular resonance for representatives of both countries.

Judges, university professors, municipal leaders and national policy-makers have shared their practical experiences through these programs. These exchanges have given China a wealth of information and models that can be used to strengthen the development of the rule of law.

COURT SPECIALIZATION

One of the many differences between the judicial systems of China and the United States involves the adjudication of lesser disputes. While the United States employs a wide range of strategies to handle these cases, including specialized courts, China does not. Meanwhile, the expansion of commerce, changes in social norms and an increase in new laws have caused a surge in the number of civil law cases in China.

If China's judicial system is to become more effective and efficient, streamlining the handling of lesser disputes is an important area for China to examine.

The National Committee therefore invited a group of seven Chinese judges, court administrators, academics and officials to the United States in March to look at specialized courts. The delegation began the study tour at the Federal Judicial Center in Washington, DC, getting an overview of the administrative structure of U.S. courts, training of judges and court personnel, and standards of judicial conduct. This set a framework for their subsequent visits to specialized courts, including the U.S. Tax Court and the U.S. Court of Federal Claims in Washington, the Allegheny County Court of Common Claims and the Family Court in Pittsburgh, and the Small Claims Court in Oklahoma City. During the group's final stop, in San Francisco, delegation members learned how private organizations provide mediation and alternative dispute resolution services outside the court system and why people use these services.

Throughout the course of the program, delegation members were impressed

with the collegiality and hospitality shown to them by judges, attorneys, law professors and students. Much of the credit for this is due to three American judges who had been participants in previous National Committee delegations to China. Ronald S.W. Lew, a federal district judge in California and a member of the International Committee of the U.S. Judicial Conference, accompanied the delegation throughout the Washington program and provided valuable assistance in clarifying some concepts that were new to the delegation. Judge Cynthia Baldwin opened her Allegheny County chambers and courtroom to the visitors and arranged dinners for them in the homes of local attorneys. Judge Vicki Miles-LaGrange graciously arranged programming in Oklahoma City; though she had to be out of town during the delegation's visit, her colleagues warmly welcomed the group in her absence.

Funding was provided by the State Department's Bureau of Educational and Cultural Affairs and the Ford Foundation. Delegation members were Xi Xiaoming, Yang Wanming, Lu Guanglun and Wang Zhiping of the Supreme People's Court; Yuan Hanjun of the Shanghai No. 1 Intermediate Court; Wu Zhaobang of the Shanghai High People's Court; and Qiao Yan of the National Judges College Law Journal.

MUNICIPAL LEADERS DELEGATION

National Committee exchanges for municipal leaders have generally provided channels for American mayors and other city officials to impart information on urban planning and management to their Chinese counterparts. But China's rapid economic development, the creativity of its urban planners, and the distinctive aspects of China's political economy now mean that Chinese municipal leaders have much to share with their American counterparts, as the National Committee discovered during a March 2002 study tour of five Chinese cities by seven American city officials.

The delegation's preconceptions about China began to change immediately upon arrival in Shanghai. The city's

C. Virginia Fields, Manhattan borough president, and Clarence Anthony, mayor of South Bay, FL entrance residents of Wuzhen with a digital camera.



new airport, ultra-modern high rises and soon-to-be-opened high-speed rail system made a strong impression on the group about the extent to which economic development and investment have transformed Chinese cities. In discussions with officials in Shanghai, Suzhou, Tongxiang, Hangzhou and Beijing, the delegation gained a sense of the magnitude of change taking place in Chinese society.

Group members were impressed by China's proactive approach to planning. "Given the massive size of cities and China's population, [the] focus on comprehensive planning and development was most impressive," one delegation member said. "The vision articulated for larger municipal centers and presentation of plans were among the best I have seen." Others in the group were surprised at how readily many cities are embracing commercialism as a way of reducing costs to citizens and financial burdens on government.

Delegation members noted that one reason Chinese cities can move relatively quickly on development projects is that officials do not face elections, public hearings or legal challenges—by contrast, accountability to constituents is what drives local-level American politics. The group expressed concern about the mass relocation often required to make way for municipal development in China.

The National Committee implemented this project in cooperation with the National League of Cities (NLC). Members of the delegation included Karen Anderson, NLC president and mayor of Minnetonka, MN; Clarence Anthony, NLC past president and mayor of South Bay, FL; Leo V. Cheney, Jr., city council member from Dallas; C. Virginia Fields, Manhattan borough president, New York City; James Charles Hunt, councilman from Clarksburg, WV; Mary Lou Makepeace, mayor of Colorado Springs; Joseph Moore, a Chicago alderman; and Donald L. Borut, NLC's executive director.

Funding was provided by the Department of State's Bureau of Educational and Cultural Affairs and the National League of Cities.

UNIVERSITY-BASED LEGAL AID DELEGATION

Legal aid is a relatively new concept in China, with the country's first programs put in place only in the mid-1990s. The Ministry of Justice and the Ministry of Education have expressed strong interest in strengthening and expanding legal aid services by organizing law school students to take part in clinical programs now being established at the university level. At the request of the Ford Foundation, the National Committee hosted a delegation of Chinese government officials, judges and professors involved in university-based legal aid programs for a study tour of the United States in April 2002.



The purpose of the program was to provide delegation members with ideas and information they could use to expand clinical programs for legal students in their own communities. The delegation spent two weeks in Boston, New York City and Washington, DC learning about the history, regulation and practice of legal aid in the American judicial system. The itinerary placed special emphasis on how the U.S. system simultaneously trains and uses law students in this field through clinical legal education programs.

The group visited legal clinics associated with the law schools of Harvard University, Northeastern University, Columbia University, City University of New York, Georgetown University and George Washington University. Discussions with faculty and students gave delegation members further insight

Members of the delegation spent a day at Columbia University, meeting with law faculty and observing the legal clinic.

into public service to the disadvantaged, development and operation of clinical legal aid programs, and management of student practices. Visits to Greater Boston Legal Services, Legal Aid Society of New York and the Asian American Legal Defense and Education Fund helped provide a broader context for the provision of legal services in the United States. The delegation also observed proceedings at the Brighton District Court and Dorchester's Domestic Violence Court, two venues where student practitioners represent clients in court.

The group benefited from discussions with several law professors with expertise in China's legal development. Chinese law experts William Alford of Harvard,

Nanjing University; Zhen Zhen, Renmin University School of Law; and Chen Xiaojun, Zhongnan University of Economics and Law.

This project was funded by the Ford Foundation, which has initiated a number of programs aimed at furthering the development and expansion of legal aid in China.

DEMOCRACY AND LOCAL ELECTIONS IN GREATER CHINA AND THE UNITED STATES

In recent years, Greater China has had three very different sets of experiences with electoral processes. Taiwan is the most dramatic example, having evolved from single-party political control to competitive, multi-party elections. Under its Basic Law, Hong Kong has allowed limited legislative elections, with suffrage to be expanded in 2007. The PRC has cautiously allowed elections to take place at the village level, but has not allowed candidates to run as representatives of competing parties.

In November 2002, the National Committee combined forces with the Carter Center to bring a delegation of policy-makers, local-level officials and scholars from the People's Republic of China, Hong Kong and Taiwan to the United States for a ten-day study tour. The program had a dual purpose: to provide participants an opportunity to learn about democracy and electoral processes in the United States and to give them a chance to discuss among themselves elections in their own communities.

The visit was timed to enable the delegation to observe the November elections in the United States, which vividly illustrated the group's briefings and discussions on civic education; campaign practices and finances; voter registration and education; public opinion surveys and focus groups; and race, gender and class in electoral politics. In the Philadelphia area, the group visited the campaign headquarters of a Congressional candidate, attended a campaign rally for a gubernatorial candidate and observed voting procedures at several polling stations.

Members of the delegation also made



In Philadelphia, the democracy and local elections delegation visited Independence Hall and observed three polling stations on Election Day.

Margaret Woo of Northeastern and James Feinerman of Georgetown helped delegation members gain a valuable comparative perspective on legal education in the two countries.

The variety of professional backgrounds in this delegation encouraged dynamic discussions among group members throughout the study tour. Delegation members were Sang Ning, Zheng Ziwen and Zhang Jingyun of the Ministry of Justice; Judge Gao Shawei of the Supreme People's Court; Wang Jianping of the Supreme People's Procuratorate; Wang Yongsheng, Ministry of Public Security; Li Jing, Ministry of Education; Li Bin,

presentations on their own elections at several points during the study tour, at programs hosted by the International Republican Institute and the National Democratic Institute in Washington, the University of Pennsylvania Law School and the Foreign Policy Research Institute in Philadelphia, and the Georgia Institute of Technology in Atlanta. A series of closed-door seminars was held at the Carter Center, allowing participants to engage in frank exchanges of views on the sensitive subject of elections.

Differences in political systems and views sparked some heated debates among participants over the course of the program. At the conclusion of the study tour, some participants acknowledged the tensions but emphasized that this type of exchange program was extremely important and worthwhile, and urged the National Committee to do more in this area.

Delegation members from the PRC were An Xiaoru, Chen Ying and Qi Lujiang, staff from the National People's Congress; Liu Feng and Wang Kai, Ministry of Civil Affairs; Deng Minjie, Department of Civil Affairs, Guangxi Zhuang Autonomous Region; Li Sen, Shandong Provincial Civil Affairs Department; Wang Yinliang, Hunan Provincial Department of Civil Affairs; Zhan Chengfu, Central China Normal University; and Zheng Yanxiang, Tianjin Municipal Department of Civil Affairs. Taiwan delegation members were Hsu Tzong-Li and Lin Tzu-Yi, both from National Taiwan University and Tao Yifeng and Yu Ching-Hsin, both of National Chengchi University. Hong Kong participants were Chung Ting-yiu Robert, director, Public Opinion Programme, University of Hong Kong; Mark Lin, a district councillor and columnist for *The Standard*; Law Chun Ngai, district councillor; and Tong Lik Kay Irene, assistant professor in the Department of Politics and Public Administration at the University of Hong Kong.

Support for the National Committee's work on this project was provided by the State Department's Bureau of Educational and Cultural Affairs.

EDUCATION

The National Committee has sponsored exchanges between American and Chinese educators since 1973. We have found that programs in this area provide opportunities for teachers and administrators to learn much about all aspects of each other's educational systems through interactive, face-to-face exchanges of information and ideas. These programs also introduce teachers, principals and education officials to the other country's history, culture and society, which benefits their own understanding and, in turn, that of their students.

Until 2002, most of the Committee's work in the education field had been done under the auspices of the U.S. Department of Education, pursuant to a bilateral agreement with China's Ministry of Education. This year, the National Committee significantly expanded its commitment to the education of future generations of Americans and Chinese through the U.S.-China Teachers Exchange Program. This excellent program was based at the American Council of Learned Societies for seven years, before joining its new home at the National Committee in 2002. The National Committee is delighted to have under its wing a project that brings up to 24 Chinese teachers to the United States each year to teach Chinese language and culture in K-12 classrooms, and sends American K-12 teachers of any subject to teach English in secondary schools around China. This program has been funded since its inception by the Freeman Foundation.

K-12 EDUCATION

The diversity of American elementary, middle and high schools is of continuing interest to Chinese teachers and principals, who are eager for models that can be adapted for application in their own K-12 education programs. The National Committee hosted a delegation of ten Chinese educators for a study tour of the United States in January-February 2002, designed to provide a better understanding of the current issues and challenges facing American K-12 teachers,

principals and education administrators. During stops in Washington, DC, Charlottesville and Richmond, VA, San Antonio and Los Angeles, the group visited the U.S. Department of Education as well as state bureaus of education and local school district offices, public and private schools, and educational associations. While there were background briefings that provided an overview of the roles that national, state and local governments play in American education, the main focus was on curriculum development, teacher training and the use of technology in instruction. Meetings at the National Association of Elementary School Principals and the Association for Supervision and Curriculum Development were of particular help in those areas.

in Charlottesville, where each Chinese guest sat with a group of ten students to answer their questions about China, and the Palos Verdes Peninsula High School in Los Angeles, where Chinese-speaking American student hosts explained what was taking place in the classrooms and led tours of the school.

Members of the Chinese delegation were Lin Shusen, Tianjin No. 47 Middle School; Liu Jian and Yuan Qingkai, Tianjin Education Commission; Liu Shicheng, Beijing No. 12 Middle School; Lu Fei, Zigong Teachers College (Sichuan); Ren Xuefeng, Leshan Teachers College (Sichuan); Wang Xicai, Tianjin No. 7 Middle School; Xie Guo, Chongqing Tongliang Middle School; Zhou Hui, Ministry of Education and Zhou Jing, Chongqing Nanping Experimental Private School.

A grant from the U.S. Department of Education supported this project.

FULBRIGHT-HAYS SUMMER SEMINAR

Teachers become students during the annual Fulbright-Hays Summer Seminar. This program brings American teachers to China for six weeks, giving them opportunities to expand their knowledge of China's history, culture and society via lectures, related site visits, discussions with Chinese counterparts and time spent exploring Chinese cities. This year's delegation of 16 high school teachers and college professors traveled to Beijing, Xi'an, Chengdu and Shanghai, with an optional stop in Hong Kong, in late June and July 2002.

Lectures on China's education system provided the Fulbrighters common ground with the Chinese presenters on standards for educating students and training teachers; discussions of various aspects of traditional culture and society shed new light on contemporary mind sets; and presentations on contemporary challenges, such as women and children's issues, the economic development of western China and U.S.-China relations, helped explain current realities. Perennial highlights of the Summer Seminar are visits with Chinese families and walking tours of typical neighborhoods, which



The Chinese teachers especially enjoyed spending time in the classrooms, seen here with students at Meriwether Lewis Elementary School.

One of the keys to the success of the program was the involvement of American teachers who had participated in some past National Committee Fulbright-Hays Summer Seminars in China. Fulbrighters in San Antonio and Los Angeles coordinated visits in their school districts, which enabled the Chinese delegation to observe classes and compare their experiences as teachers, principals and parents in educating children.

Delegation members also enjoyed the interaction with students at the eight schools they visited. Two highlights were the Meriwether Lewis Elementary School

give the Americans a first-hand sense of everyday Chinese life.

All but three members of the group opted for the three-day stay in Hong Kong, which included discussions on business and the economy in the Special Administrative Region, the role of the press and current legal issues. One of the highlights of this year's Hong Kong stop was a tour of the harbor's CSX Corporation's cargo facilities.

The National Committee has administered the Fulbright-Hays Summer Seminar on behalf of the U.S. Department of Education for more than two decades. Over the course of the years, the alumni of the program have developed into a valuable network for the National Committee and this year we were grateful to alumni in San Antonio and Los Angeles who arranged excellent programs in their school districts for our visiting Chinese education delegations.

The participants in the 2002 Fulbright-Hays Summer Seminar were Sandra Conlon, Steamboat Springs High School, Steamboat Springs, CO; Michael C. Corey, Denver South High School, Denver; Donald F. Dickerson, Marjory Stoneman Douglas High School, Parkland, FL; Marcia J. Frost, Wittenberg University, Springfield, OH; Nancy L. Hazam, University of South Carolina-Lancaster, Lancaster, SC; James E. Kerr, Triad High School, Troy, IL; Marion A. Makin, Skyline High School, Issaquah, WA; Maureen K. McCorry, Palo Alto High School, Palo Alto, CA; Roger W. Purdy, John Carroll High University, University Heights, OH; David P. Ragan, Hammond School, Columbia, SC; Leah O. Renzi, Dundalk Middle School, Dundalk, MD; Judith Lynn Sebasta, University of South Dakota, Vermillion, SD; Curtis L. Thompson, Thiel College, Greenville, PA; Matthew S. Wernsdorfer, Patterson Senior High School, Baltimore; Patricia A. Wine, Madison Junior & Senior High School, Madison, KS; and Wesley L. Winterbottom, Gateway Community College, North Haven, CT. Dr. Richard Belsky, associate professor of East Asian studies at Hunter College, served as scholar-escort for the delegation.

K-12 ENGLISH TEACHERS

English teachers in China are not only interested in learning about language teaching techniques, they also are looking for ways to bring information about the United States and other English-speaking cultures into their classrooms. A two-week exchange program in July and August of 2002 for Chinese K-12 teachers of English provided useful information on U.S. history, culture and society, as well as the American education system.

Over the course of the study tour of Boston, Washington, DC, Montana and San Francisco, the ten-member delegation learned much about colonial history, Native American culture, the era of westward expansion and contemporary immigrant communities. Another focus of the itinerary was the American system of jurisprudence, with visits to the U.S. Supreme Court and the U.S. District Court in Missoula, MT.

Presentations at the U.S. Department of Education and University of Massachusetts Graduate College of Education highlighted key topics in American education: the decentralized nature of the education system, public and private schools, teacher certification and language teaching programs. The delegation particularly enjoyed the opportunities to observe summer school language classes and discuss methodologies with teachers at Showa Boston Institute for Language and Culture, Yorktown High School in Arlington, VA, Bigfork (MT) High School and the Chinese American International School in San Francisco.

The nine teachers in the Chinese delegation were Wang Guojin, Beijing No. 2 Experimental Primary School; Song Hexin and Zhang Guiying, Affiliated Secondary School of Renmin University; Lu Wei; No. 2 Affiliated Secondary School of Beijing Normal University; Li Ling, Beijing Jingshan Secondary School; Tai Jiating, Tianjin No. 1 Secondary School; Li Yanli, Tianjin Yaohua Secondary School; Zhang Jie and Zhang Jinming, Tianjin Experimental Secondary School. They were accompanied by Du Ping of the Ministry of Education.

Funding for the study tour was provided by the U.S. Department of Education.

SPECIAL EDUCATION DELEGATION

The National Committee was pleased when China's Ministry of Education accepted its recommendation of an exchange program focusing on special education. As part of China's education reform, greater effort is now being made to provide meaningful education options for student with special needs. Chinese educators are interested in establishing training programs for teachers, attracting

how future special education teachers gain practical experience, at Boston College's Lynch School of Education; and how associations and non-governmental organizations lobby for policy change, set standards and connect professionals to resources. The group seemed most impressed—and often, deeply moved—by the individual students they encountered over the course of the program. They were inspired by physically disabled students who rely on computers to communicate; young adults learning to live independently with the support of the Living Skills Center for the Visually Impaired; and Chinese students enrolled at Gallaudet University, who compared living experiences in China and America.

After two weeks of site visits and briefings, this enthusiastic delegation convened on the eve of their departure to discuss ways they could apply their findings upon return to their home institutions. They immediately focused on the need for legislation to promote disabilities education and the practical benefits of a national data-gathering system on needs and services. Delegation members also were eager to experiment with some of the inclusion models they had observed and to embark on a publicity campaign to attract more attention to this field.

Support for this project was provided by the U.S. Department of Education. Delegation members included Xie Jingren, director of the Division of Special Education at the Ministry of Education; Yan Zhiyong, from the Ministry's Office of International Cooperation and Exchanges; Wan Xuanrong, vice president of the China Rehabilitation Research Center For Deaf Children; Hu Pingping, deputy director general of Anhui province's Education Commission; Wang Haiping, vice president of the College of Preschool Education & Special Education at East China Normal University; Wang Kenan, principal of Beijing No. 2 School for the Deaf; Fan Yihu, deputy director of the Division of Basic Education, Education Commission of Hubei Province; Gao Yan, a teacher at Nanjing School for the Deaf; Jiang Chunying, vice principal, Hangzhou School for the Deaf; and Tian Yong An, an officer in the Division of Basic Education at the Education Commission of Inner Mongolia.



At the Special Olympics headquarters, the delegation met Timothy Shriver, President and CEO of Special Olympics (seated, right), and athlete Terrel Limerick (seated, center).

additional financial resources for special education, and raising social awareness about the importance of education for children with disabilities.

The two-week study tour in October 2002 was designed to introduce Chinese educators to federal, state and local policies on special education, show both special needs and mainstream classroom settings, discuss ways to incorporate new research findings into curriculum development and teaching methodology, and consider means of using technology in special education.

Delegation members had opportunities to see how students' individual education plans are put in place, during visits to both large and small school districts;

U.S.-CHINA TEACHERS EXCHANGE PROGRAM

The U.S.-China Teachers Exchange Program moved to the National Committee in June 2002. This innovative program, founded in 1996 and supported by the Freeman Foundation, arranges for American teachers to spend a year teaching in Chinese secondary schools and for Chinese teachers to spend a year teaching in American elementary, middle and high schools. It is designed to help children and adults in both countries learn each others' languages and cultures, as well as to provide teachers with opportunities to improve their own language and teaching skills, develop a deeper understanding of another culture, and share new ideas and experiences in their home classrooms upon their return.

Twenty-two Chinese teachers came to the United States for the 2002-2003 academic year, taking up teaching assignments at public and private schools in Colorado, Connecticut, Massachusetts, Maine, New Hampshire, New York, Oregon and Wisconsin. An orientation program, held in Beijing in July, gave the teachers an overview of what to expect during their year abroad and practical advice on teaching American students. In their American schools, the teachers generally conduct classes in Chinese language and culture or teach English as a second language. The teachers have ample opportunities to learn about American culture and society through daily life in their host communities. Experiencing American family life, taking part in recreational activities and celebrating holidays are among the highlights the Chinese visitors cite in their reports to the National Committee.

As members of the 2001-2002 Teachers Exchange Program wrapped up their school year, the National Committee organized a two-week study tour that focused on American history and society. The trip included visits to Colonial Williamsburg, VA, Washington, DC and New York City.

Chinese exchange teachers for the 2002-2003 academic year and their host schools were Gao Chengchun and Wang Xiuzhen, Bangor (ME) Public Schools; Dai Qinghua, Snowden International School, Boston; Jiang Yongmin, Belmont (MA) Public Schools; Liu Hong, Brookline (MA) High School; Wei Xin, Quincy (MA) Upper School; Zhang Weimin, Lincoln School, Brookline, MA; Chen Zhiyun, Poudre School District, Fort Collins, CO; Cao Junli, Central High School, La Crosse, WI; Li Caixia, School District of La Crosse, WI; Ma Yinghui, Academy of Accelerated Learning, Milwaukee; Yang Shuping, Milwaukee School of Languages;



Luo Jinxin, Kearsarge Regional High School, North Sutton, NH; Wu Yanling, Garden School, Queens, NY; Yu Bo, Benjamin Banneker Academy, Brooklyn, NY; Zhang Jianming, Legacy High School, New York, NY; Zhao Jie, P.S. 132, Queens, NY; Zhao Jinlong, Beacon School, New York, NY; Cai Hongyu, Woodstock Elementary School, Portland, OR; Liu Junhong, Jackson Middle School, Portland, OR; and Fan Duoxia and Xu Qinhong, Westport (CT) Public Schools.

In the aftermath of 9/11, few American teachers applied for 2002-2003 positions and so the China-bound portion of the program was suspended. That program will resume in September 2003.

Members of the 2002-2003 Teachers Exchange Program took part in an orientation program before leaving for the United States.

ENVIRONMENTAL AND GLOBAL ISSUES

Economic development can increase incomes and opportunities for citizens, but its impact on the environment can have a detrimental effect on the quality of life. There is now a growing awareness of environmental issues in China, particularly in urban centers, where the public and the government have become increasingly concerned about the effects of pollution on health.

National Committee exchanges in the environmental field take into account the conflicts and trade-offs among the imperatives of economic growth, jobs, environmental protection and public health by seeking balance in the composition of its delegations, the topics addressed and the institutions visited. The result is that both Chinese and American professionals hear the positions of a range of stakeholders—business, government and non-governmental organizations—and consider steps that can advance shared goals.

ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT

Managing and limiting the potential health risks associated with hazardous waste is a concern for China's mainland, the Hong Kong SAR and Taiwan. With this in mind, the National Committee hosted a delegation of environmental professionals from all three places on a study tour of the United States, June 22-July 5, 2002, to look at American experience in hazardous waste management and its relationship to economic development.

The National Committee has found such delegations particularly effective, as the different backgrounds, experiences and expertise of the delegation members, as well as their shared heritage and language, provide informal learning experiences outside of the planned program. The focus on issues of common interest helps overcome political differences. This eight-member delegation included specialists with experience in government agencies, private sector companies and

non-governmental organizations (NGOs).

Over the course of two weeks, the delegation traveled to Washington, DC, Baltimore, Houston, New Orleans, Baton Rouge and San Francisco. These sites were chosen because they represent some of America's heaviest concentrations of hazardous materials and provide thought-provoking examples of environmental management, mitigation and clean-up. Participants met with federal, state and local government representatives; corporate environmental managers; the staff of NGOs; environmental attorneys; and academic researchers.

The group was particularly interested in ways that government agencies, corporations and environmental NGOs interact. A visit to a Superfund site in Baton Rouge provided an interesting illustration of both the adversarial and cooperative nature of relations between government agencies and NGOs. The Louisiana Department of Environmental Quality (DEQ) is conducting an experiment at this site that uses poplar and eucalyptus plants to draw toxic waste away from the water table. Often critical of DEQ, in this instance environmental NGOs have praised the agency's innovative means of site remediation.

Another highlight was a meeting with the Woodrow Wilson Center's Working Group on China and the Environment, which gave delegation members the opportunity to present information on their own respective responsibilities to an audience of environmental professionals and China specialists. The audience found the program particularly interesting because of the opportunity to hear perspectives from Greater China.

Members of the delegation were Gao Nianping, Hunan Association of Environmental Protection Industry; Michael Pang Kin-hing, Hong Kong Environmental Protection Bureau; Su Qingping, Chengdu Hazardous Waste Disposal Center; Lawrence Wong Wai-yin, Enviropace Limited (Hong Kong); Wu Tung-jye, Green Formosa Front; Yang Kai-hsing, Committee of Soil and Ground-water Remediation Fund (Taiwan); Yang Yang, Green Stone (Nanjing); and Zhang Yingling, Heilongjiang Environmental Protection Bureau.

MEDIA

Technological advances and changes have accelerated the flow of information between China and the United States, enabling citizens to develop more detailed and nuanced pictures of each other's societies. Recognizing the significant role played by the media in U.S.-China relations, the National Committee develops programs that bring journalists together in professional exchanges, and give aspiring Chinese journalists exposure to the American media system. Through its public education programs, the National Committee provides reporters with information that can deepen their understanding of important issues in the bilateral relationship.

AOL TIME WARNER INTERNS

Six Fudan University students gained valuable experience in the American media business and firsthand insights into everyday life in the United States through a three-month internship program sponsored by AOL Time Warner Inc. The National Committee administers this program, which marked its fifth year in 2002.

This year's class of interns included students with majors in journalism, English, humanities and business: Bai Xue spent her internship at Warner Bros. Studios in Los Angeles; Wu Dandan at CNN in Atlanta; Xiao Jin at AOL Time Warner's government affairs office in Washington, DC; and Shen Si at *Fortune*, Xuan Jie at HBO and Zhou Li at *TIME* in New York.

Work assignments vary from one office to another, but all are intended to give the interns broad exposure to the mission of each entity as well as practical experience. For instance, Bai Xue rotated through several Warner Bros.' departments, learning about TV production, movie trailers and marketing. At CNN, Wu Dandan was given the assignment of developing a television piece over the course of her internship: selecting the topic, researching the subject and filming the segment. Shen Si worked closely with *Fortune's* international editor and

provided translation services at the magazine's Global Forum in Washington, DC.

The interns shared their impressions of Americans and their lifestyles in regular communication with National Committee staff and in public programs. They were impressed with Americans' interest in politics, the role of religion in American life, the widespread availability of "user-friendly" products and services, the preservation of historical sites and the uninhibited expression of opinions and ideas in the media and ordinary conversations.

The young women spoke at public engagements, demonstrating remarkable poise and candor as they talked about their experiences in the United States and their lives in China. The three New York-based interns addressed members and friends of



the National Committee and the China Institute at an evening panel program and talked to international relations and Asian civilizations classes at Hunter High School. Wu Dandan, the Atlanta intern, met with students of National Committee board member Mary Brown Bullock at Agnes Scott College. In Washington, Xiao Jin took part in a Voice of America panel discussion about study abroad programs. As part of the interns' wrap-up session in early December, all six women spoke to a class at Burbank High School; the presentations were of great interest to the students and also provided an excellent opportunity for the full group of interns to hear about each other's experiences over the previous three months.

Senator Max Baucus of Montana met with AOL Time Warner interns (l-r) Xuan Jie, Zhou Li, Bai Xue, Shen Si, Wu Dandan, Xiao Jin and program officer Kathryn Gonnerman.

THE ROLE OF THE MEDIA IN A MARKET ECONOMY

The Chinese government has been encouraging the growth of the business press in recent years and giving such media outlets more leeway than others to do investigative reporting. The National Committee therefore decided to make business and economic reporting the focus of a conference that compared the roles of the Chinese and American media; the program, “The Role of the Media in a Market Economy,” was held November 14-15, 2002 at Tsinghua University in Beijing.

This conference aimed to replicate the frank exchange of views that characterized the National Committee’s 1998 media conference in Washington, DC, which focused on how the United States and China portray each other, and the bilateral relationship, in the media. The objective of this recent program was to examine the role the media plays in dis-



The media conference included American and Chinese journalism professionals and members of the foreign press based in China.

closing, disseminating and analyzing information about financial markets in the United States and China, and how markets and consumers respond to media reports. Over the course of the two-day program, conference participants examined factors that influence business news coverage, competition among news organizations, ethics, the influence of new media and the government’s relationship with the media. Discussions of case studies enabled participants to draw

comparisons between corruption charges against Chinese companies and recent corporate governance scandals at Enron, WorldCom and other U.S.-based corporations. Discussants said these examples demonstrated the need for reporters to develop the skills to determine a company’s true value, and not to accept its financial reports at face value.

Participants were American and Chinese journalism professionals and members of the foreign press based in China. Members of the American delegation were Peter Ennis, U.S. bureau chief of *Toyo Keizai* (*The Oriental Economist*); Robert Keatley, former editor of the *South China Morning Post* and *Asian Wall Street Journal*; Sheridan Prasso, senior news editor at *Business Week*; Martha Steffens, professor of business and economic reporting at the University of Missouri; and Christopher Ullman, vice president of corporate communications at The Carlyle Group and former spokesperson at the Securities and Exchange Commission. Fifteen Chinese journalists and journalism professors and six members of the foreign press corps also participated, and Tsinghua journalism students observed several sessions. Dr. Christian Murck, chairman of the American Chamber of Commerce in Beijing and managing director of APCO Worldwide/China delivered the keynote presentation, “What Financial Professionals Need from the Media.”

The American delegation spent several days prior to the conference in Shanghai, developing firsthand impressions of China’s financial markets during a tour of the stock exchange and meetings with financial professionals. The group also spent a half-day at Fudan University in discussions with journalism professors and students.

The host of the conference was the Center for International Communications, a graduate journalism program at Tsinghua University led by Prof. Li Xiguang. Support for the conference was provided by the John D. and Catherine T. MacArthur Foundation, the Ford Foundation and the Sun Media Holdings Group.

SPECIAL PROGRAMS

YOUNG LEADERS FORUM

Twenty-five dynamic young American and Chinese leaders from a range of disciplines began to develop a network of personal relationships through the National Committee's Young Leaders Forum. The goal of this program is to facilitate ongoing communication that can help reduce misunderstandings and tensions and open new fields of cooperation between the United States and China. The inaugural Forum was held in Santa Barbara in May 2002 with the support of American International Group, AOL Time Warner Inc., Goldman Sachs, PepsiCo and BP.

The theme of the four-day program was "The Creative Process," which set the framework for discussions among the Fellows about creative elements in their own work, as artists, architects, environmental leaders, financial professionals, journalists, corporate and small business managers, academics and other careers. Panel presentations focused on innovative approaches to developing civil society, building the cities of the future, adjusting to changing security concerns, managing global economic growth, and investing in business and technology.

Distinguished guest speakers brought additional insights to the program. Former Secretary of Defense William Perry spoke about security issues and former Secretary of Commerce and U.S. Trade Representative Mickey Kantor talked about the global economy and trade; the two former officials illustrated their remarks with fascinating examples from their years of government service. Two renowned creativity experts shared their insights with the Fellows: Ken Robinson, a senior education advisor to The Getty Trust, spoke about creativity in education and Mihalyi Csikszentmihalyi, director of Claremont Graduate University's Quality of Life Center, talked about creative people and the contexts in which they work.

The group also enjoyed a number of social activities, including a cocktail reception with Santa Barbara's mayor, a

team cooking competition led by television chefs Leann and Katie Chen, an evening cruise and a private pre-release screening of the Warner Bros. film *Insomnia*.



The overwhelmingly positive evaluations of the program were one gauge of the initial Forum's success. A more important indicator has been the continuing contact among the Fellows—through a listserv, informal gatherings, or exchanging advice on work-related topics. Bill Perry's visit to Beijing in November 2002 provided an occasion for some of the Chinese Fellows to reunite for an evening.

The Forum will move to China for its second year, with a gathering planned for Hangzhou and Huangshan in October 2003.

A. DOAK BARNETT ESSAY CONTEST

The second year of the A. Doak Barnett Essay Contest prompted dozens of American and Chinese graduate students to take a critical look at the state of U.S.-China relations and consider ways to improve it. The National Committee initiated this annual competition in 2001 to honor the memory of A. Doak Barnett, an internationally renowned scholar, journalist and teacher who was one of the National Committee's founders.

This year's competition challenged essayists to identify a source of strength in U.S.-China relations and consider

The Young Leaders Forum brought together 25 dynamic American and Chinese professionals from a variety of fields.

ways that both sides could build on this strength to further cooperation, reduce tensions or avoid potential problems.

The winning American essay, written by Alexander Brenner of Johns Hopkins University School of International Studies, was “Can’t We Think Bigger? Prospects for Fostering Rule of Law in China by Expanding Sino-American Legal Exchanges.” Huang Jinxin, a Ph.D. candidate in political science at the University of Wisconsin, was the winning Chinese essayist with her piece on “Building U.S.-China Relations Through Educational Exchange.” Mr. Brenner and Ms. Huang both received awards of \$1,000. Two other essayists were recognized with honorable mention citations: Cheng Sijin, of Boston University and Andrew Sven Erickson, from Princeton University.

All four essays were published in the National Committee’s newsletter. The two American essays caught the attention of a reader at the Institute of Current World Affairs, who encouraged Mr. Brenner and Mr. Erickson to apply to the Institute’s fellowship program. Mr. Brenner was subsequently awarded a fellowship for research in China.

The essay contest is supported by contributions to the A. Doak Barnett Memorial Fund.

PUBLIC EDUCATION AND OUTREACH

Through conferences, seminars, panel programs, publications and e-mail briefings the National Committee provides information about the major issues in U.S.-China relations directly from policy-makers and opinion leaders on both sides of the Pacific. The Committee’s website provides another channel for public outreach. Summaries of program events, reports in the *China Policy Series*, recent articles and speeches on U.S.-China relations, and links to useful resource materials are among the features posted on the website (www.ncuscr.org).

Programs were held in New York City, unless otherwise indicated.

January 14

Roundtable Discussion

“Cross-Strait Relations”

Speaker: Zhou Mingwei, Vice Minister, Taiwan Affairs Office of the State Council of the PRC.

January 31

Panel Discussion

“Is China Becoming a Productive Global Citizen? A Post-9/11 Re-examination”

Speakers: Elizabeth Economy, Council on Foreign Relations; Bates Gill, Brookings Institution; David M. Lampton, Johns Hopkins University School of Advanced International Studies.

Cosponsored with Philadelphia World Affairs Council.
Philadelphia

February 5

Roundtable Discussion

“Is China’s New Land Reform the Most Important Ever?”

Speakers: Roy Prosterman and Brian Schwarzwald, Rural Development Institute.

February 6

Roundtable Discussion

“Is China’s New Land Reform the Most Important Ever?”

Speakers: Roy Prosterman and Brian Schwarzwald, Rural Development Institute.

Cosponsored with the Cato Institute.
Washington, DC

February 18

E-mail Broadcast to Members

“President Bush’s Asia Trip”

Contributors: Donald Gregg, Korea Society; John L. Holden, National Committee on U.S.-China Relations; George Packard, U.S.-Japan Foundation.

February 26

Corporate Members Briefing

Speaker: Tong Daochi, China Securities Regulatory Commission.

February 27

Panel Discussion

“The U.S.-Japan Alliance and Building Security Relations with China”

Speakers: Masahiro Akiyama, Ship and Ocean Foundation; Harry Harding, George Washington University; Derek Mitchell, Center for Strategic and International Studies; Mike Mochizuki, George Washington University; Koji Murata, Doshisha University; Benjamin Self, Henry L. Stimson Center; Chris Twomey, Harvard University.
Presider: William Clark, Jr., Japan Society.
Cosponsored with Japan Society.

March 5

Panel Discussion

“The Press Corps Recalls Nixon’s Trip to China”

Speakers: Stanley Karnow, Ma Yuzhen, Jerrold Schecter, Av Westin, Gerald Warren and Yao Wei.

Moderator: Ted Koppel.

Cosponsored with National Press Club.
Washington, DC

March 6

Book Discussion

Speaker: Nicholas R. Lardy, Brookings Institution, author of *Integrating China into the Global Economy*.

Cosponsored with Asia Society.

March 12

Panel Discussion

“New WTO Round: What Does China Mean for Japan?”

Speakers: Noburo Hatakeyama, Japan External Trade Organization; Naoko Munakata, Research Institute of Economy, Trade and Industry; Wendy Cutler, Office of the U.S. Trade Representative; Bruce Stokes, *National Journal*.

Presider: Gillian Tett, Former Tokyo Bureau Chief, *Financial Times*.

Cosponsored with Japan Society.

March 20

Panel Discussion

“China’s Changing Foreign Policy: Public Opinion, WTO and Taiwan”

Speakers: Joseph Fewsmith, Boston University; Margaret Pearson, University of Maryland; Michael Swaine, Carnegie Endowment for International Peace.
Cosponsored with China Research Center.
Atlanta

March 25

Panel Discussion

“China and the ‘Stans’: Forging Regional Cooperation”

Speakers: Ian Bremmer, Eurasia Group; Scott Horton, Patterson, Belknap, Webb & Tyler, LLP; and Peter Sinnot, Columbia University.

Moderator: Morris Rossabi, Queens College and The Graduate Center, City University of New York.

Cosponsored with China Institute

April 23

E-mail Broadcast

“Hu Jintao: China’s Presumptive Next Leader”

Contributor: Ezra Vogel, Fairbank Center for East Asian Research, Harvard University.

May 1

Dinner Address

Vice President Hu Jintao

Cosponsored with America-China Society, Asia Society, Committee of 100, Council on Foreign Relations, U.S.-Chamber of Commerce, U.S.-China Business Council, U.S.-China Policy Foundation.
Washington, DC

May 9

Conference

“Investing in China’s Capital Markets: Where Will WTO-Sparked Reforms Lead?”

Cosponsored with Asia Society.

June 4

Discussion

Speaker: Antony Leung, Financial Secretary, Hong Kong SAR.
Cosponsored with Asia Society.



National Committee chair Carla A. Hills and president John L. Holden greet China’s vice president Hu Jintao.

June 11

Luncheon Speech

Speaker: The Hon. Clark T. Randt, Jr.,
U.S. Ambassador to China
Cosponsored with Asia Society.



U.S. Ambassador to China Clark T. Randt, Jr. discussed recent developments in U.S.-China relations with National Committee corporate members.

June 12

Corporate Members Briefing

Speaker: The Hon. Clark T. Randt, Jr.,
U.S. Ambassador to China.

September 25

Conference

“China in Transition:
A Look Behind the Scenes”
Cosponsored with Freeman Chair in
China Studies, Center for Strategic and
International Studies; Asia-Pacific
Research Center, Stanford University;
Carnegie Endowment for
International Peace.
Washington, DC

October 8

Panel Discussion

“Three Parties, Three Views:
Cross-Strait Policy in Taiwan”
Speakers: King-yul Chang, Chinese
Eurasian Education Foundation;
Bi-khim Hsiao, Legislative Yuan;
Da-nien Liu, Chung-hua Institution for
Economic Research; and Raymond Rui-
kuo Wu, Fu-Jen Catholic University.

October 9

Conference

“Taiwan and U.S. Policy: Toward
Stability or Crisis?”
Cosponsored with Asia-Pacific Research
Center, Stanford University; Carnegie
Endowment for International Peace; and
Freeman Chair in China Studies, Center
for Strategic and International Studies.
Washington, DC

October 18

Seminar

“Sino-American Cooperation
in World War II”
Cosponsored with China Foundation
for International Strategic Studies.
Washington, DC

October 28

E-mail Broadcast

“Bush-Jiang Crawford Summit”
Contributor: John L. Holden, National
Committee on U.S.-China Relations.

November 16

E-mail Broadcast

“The 16th Party Congress:
Continuity and Incrementalism Prevail”
Contributor: Joseph Fewsmith,
Boston University.

December 3

AOL Time Warner Interns

Panel Discussion

“Youthful Voices: A Candid Discussion
with Chinese University Students”
Speakers: Shen Si, Xuan Jie and
Zhou Li, Fudan University.
Moderator: Dorinda Elliott.

December 5

Annual Members Program

Members Address

“China and the Future of
U.S.-China Relations”
The Hon. Richard N. Haass,
Director, Policy Planning Staff,
U.S. Department of State.

Panel Discussion

“Ideas to Improve U.S.-China Relations”
Panelists: Thomas J. Christensen,
Massachusetts Institute of Technology;
Charles J. Conroy, Milbank, Tweed,
Hadley & McCloy, LLP; Jamie Horsley,
China Law Center, Yale Law School;
John Thomas Kamm, The Dui Hua
Foundation; David M. Lampton, Johns
Hopkins University School of Advanced
International Studies; and James R. Sasser,
former U.S. Ambassador to China.
Moderator: Carla A. Hills.

The 76th Meeting of the Board of Directors was held in New York City on December 6, 2002. The 36th Annual Members' Meeting was held on December 5, 2002. Members present (or by proxy) elected the Board Class of 2005.

2005

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Ten Directors left the Board through rotation or retirement as of December 5, 2002: Gareth C. C. Chang, Barbara H. Franklin, Peter F. Geithner, Sam Gibbons, Henry Luce III, David A. Jones, Virginia Kamsky, Elizabeth S. MacMillan, Elizabeth J. Perry and Ezra F. Vogel.

At the 76th session of the Board, Edward T. Cloonan was appointed as an interim Director in the Class of 2003. Also at the 76th session, the following were elected officers of the Committee: Carla A. Hills, chair; William M. Daley, Lee H. Hamilton, Maurice R. Greenberg, William R. Rhodes, J. Stapleton Roy, James R. Sasser, vice chairmen; Herbert J. Hansell, treasurer; Kathryn D. Christopherson, secretary; and John L. Holden, president.

At-large Board Members Michael H. Armacost, Dennis C. Blair, Thomas J. Christensen, Barber B. Conable, Jr., William E. Frenzel, Thomas H. Kean, Geraldine S. Kunstadter, David M. Lampton, Nicholas R. Lardy, Robert A. Levinson, D. Bruce McMahan, Robert S. McNamara, Douglas P. Murray, and Joseph W. Prueher, joined the officers to comprise the Executive Committee.

Herbert J. Hansell was appointed chairman of the Audit Committee; Carla A. Hills, chair of the Compensation Committee; Peter F. Geithner and D. Bruce McMahan, co-chairmen of the Development Committee; Kathryn D. Christopherson, chairman of the Membership-Nominating Committee; David M. Lampton, chairman of the Program Committee; Carla A. Hills, chair of the Strategy Committee; and James R. Sasser, chairman of the Government Relations Committee.

The activities of the National Committee are made possible by the support of U.S. government agencies, particularly the United States Department of State and United States Department of Education, foundations, business firms, Members and friends. This support enables the Committee to maintain service to the public at large and to undertake exchanges and special programs that contribute to the advancement of knowledge and strengthening of relationships on both sides of the Pacific.

We are indebted to those who made financial contributions during FY 2002 and to the many individuals who gave so much of their time, creativity and in-kind assistance. Financial contributors are listed below and on succeeding pages.

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STATEMENT OF FINANCIAL POSITION

	September 30	
	<u>2002</u>	<u>2001</u>
ASSETS		
Cash and cash equivalents	\$ 1,813,820	\$ 1,381,616
Investments	--	--
Grants and contributions receivable, current portion	249,544	269,748
Other receivables	13,156	15,533
Program advances, exchanges and other assets	12,600	33,166
Grants and contributions receivable, long-term portion	--	--
Security deposits	4,613	4,613
Fixed assets, net	<u>60,093</u>	<u>76,784</u>
TOTAL ASSETS	<u>\$ 2,153,826</u>	<u>\$ 1,781,460</u>
LIABILITIES AND NET ASSETS		
Accounts payable and sundry liabilities	\$ 118,342	\$ 35,411
Refundable advances	--	866,100
Deferred rent	<u>40,568</u>	<u>51,895</u>
TOTAL LIABILITIES	158,910	953,406
NET ASSETS		
Unrestricted	778,374	388,025
Temporarily restricted	<u>1,216,542</u>	<u>440,029</u>
TOTAL NET ASSETS	<u>1,994,916</u>	<u>828,054</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,153,826</u>	<u>\$ 1,781,460</u>

CONDENSED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2002

			Totals	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2002</u>	<u>2001</u>
REVENUES:				
U.S. Government grants	\$ --	\$ 461,874	\$ 461,874	\$ 383,193
Contributions	179,868	1,676,243	1,856,111	597,016
Special events (net)	950,308	--	950,308	--
Investment income and other	148,273	1,300	149,573	102,555
Net assets released from restriction	<u>1,362,904</u>	<u>(1,362,904)</u>	<u>--</u>	<u>--</u>
TOTAL REVENUES	2,641,353	776,513	3,417,866	1,082,764
EXPENSES:				
Programs	1,654,081	--	1,654,081	1,389,656
Management and administration	522,594	--	522,594	487,264
Fund-raising	<u>74,329</u>	<u>--</u>	<u>74,329</u>	<u>129,059</u>
TOTAL EXPENSES	<u>2,251,004</u>	<u>--</u>	<u>2,251,004</u>	<u>2,005,979</u>
Change in net assets	390,349	776,513	1,166,862	(923,215)
Net assets beginning of year	<u>388,025</u>	<u>440,029</u>	<u>828,054</u>	<u>1,751,269</u>
Net assets end of year	<u>\$ 778,374</u>	<u>\$ 1,216,542</u>	<u>\$ 1,994,916</u>	<u>\$ 828,054</u>

The above information was extracted from the audited financial statements, which are available upon request.

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AUGUST 2003

