

Dear Senator Graham:

Thank you for your letter of November 12, addressed to Attorney General Reno, in which you express concern that U.S. businesses are being harmed by the failure of the Chinese courts to recognize international arbitration awards against Chinese businesses. As an example, you mention the Revpower dispute, which involves your constituent, Robert Aronson. The Department of Justice forwarded your letter to the Department of State for a response. I am sending a similar reply to Senator Connie Mack.

The Department of State is very concerned about the difficulties U.S. companies have faced in enforcing arbitral awards in China, and is quite familiar with the Revpower case in particular. We have been very active in raising these issues with the Chinese government, and have emphasized the importance of establishing a fair and transparent investment climate in China that includes adequate legal and judicial protection for all parties. Moreover, we have indicated to the Chinese that timely and fair resolution of Revpower and other investment disputes would send a positive signal to U.S. businesses about the investment climate in China. Enforcement of arbitral awards has been an issue of particular focus of both the Department of State and the Department of Commerce in our communications with Chinese government officials, and we have both raised the Revpower dispute repeatedly as an example of this problem.

As we noted in a recent letter to Mr. Aronson, representatives of the U.S. Department of Commerce and its Chinese counterpart, the Ministry of Foreign Trade and Economic Cooperation, have agreed to meet on a regular and frequent basis to discuss commercial law issues including arbitration and enforcement of arbitral awards in China, as well as specific commercial and investment disputes involving U.S. companies. The first such meeting was held in December 1997 in Beijing, and in that meeting the U.S. government representatives raised the Revpower case. We will continue to monitor this matter closely, as timely and fair resolution of these disputes remains a priority for the U.S. Government.

The Honorable
Bob Graham,
United States Senate.

I hope that this information is helpful in responding to your constituent. Please feel free to contact us if you have any questions or require further information.

Sincerely,

Barbara Larkin
Assistant Secretary
Legislative Affairs

Enclosures:

1. Correspondence returned.
2. Copy of correspondence to Ross Manufacturing Corporation.