



# Committee On Finance

Max Baucus, Ranking Member

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Contact: Carol Guthrie  
202-224-4515

**Opening Statement of U.S. Senator Max Baucus (D-Mont.)  
U.S. – China Economic Relations Revisited  
Hearing Before the Senate Finance Committee**

Thank you, Mr. Chairman, for convening this hearing at this important juncture in our relationship with China. I made my seventh trip to China this January. I met with Premier Wen, Commerce Minister Bo, and other members of China's senior leadership. I learned a lot. And I am eager to learn more today.

The Book of Deuteronomy counsels: "When you make a promise . . . , do not be slow to pay it. . . . Be careful to do what you say you are going to do. Keep the promise you have made . . . ."

Promises are fundamental to human relations. Just as much, promises form the foundation of international trade. America promises our trading partners to open our vast market. In return, our partners promise America to open their markets to our exports.

Promises are at the heart of U.S. trade policy. Members of Congress promise their constituents to defend their interests. The administration promises Congress to negotiate trade agreements consistent with the parameters in the law. The administration promises to enforce these agreements vigorously. The administration promises to implement the trade laws that Congress passes. And the government promises all Americans to strive to make sure that trade works for them. These promises reinforce the international trade system. We must make sure that promises made are promises kept.

Is China keeping the promises that it made as part of its accession to the World Trade Organization? Is the administration keeping its promise to enforce China's trade obligations and U.S. trade law? The record on both accounts is mixed.

Let's start with China. When it joined the WTO, China made an extensive set of promises. China promised to reduce tariffs, to improve market access for services, to limit subsidies, and to protect and enforce intellectual property rights.

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Many rush to criticize China. But many also overlook China's enormous efforts to keep these promises. China has implemented many of its WTO commitments on time. And some promises — like trading rights — China has implemented early. This deserves recognition.

In many key areas, however, China has not kept its promises. China maintains an unjustified, WTO-inconsistent ban on U.S. beef, despite clear scientific evidence that our beef is safe. China has a team in Washington this week to address this issue. They need to resolve this issue, now. China tolerates massive levels of piracy and counterfeiting of foreign products. China hides the subsidies that it provides to state-owned enterprises. China has not yet taken meaningful action to join the WTO Agreement on Government Procurement. And all evidence suggests that China continues to manipulate its exchange rate for competitive gain.

The administration has also made promises regarding China. It promised to enforce China's trade commitments. And it promised to defend U.S. trade law with respect to China.

In some areas, the administration has kept its promise. USTR has made progress working with China on standards affecting wireless communications devices. USTR successfully convinced China to rescind a WTO-inconsistent antidumping order on kraft linerboard. That was important to the hard-working people in Missoula. And Ambassador Portman's top-to-bottom review is an important step in focusing efforts on enforcing China's trade commitments.

The administration can do more. I hope that the bills that I introduced with Senator Grassley yesterday and with Senator Hatch last month will help to focus the administration's enforcement efforts.

In other areas, the administration has failed to keep its promises. It has effectively nullified section 421 of the Trade Act. Congress purposely included that provision in the China PNTR bill. Congress intended for the administration to use that provision to limit harmful surges Chinese in imports to help our domestic industry adjust.

Four times, the International Trade Commission recommended that the President apply section 421 to counter the market disruption caused by Chinese imports. But in all four cases, the President refused to act.

Those decisions are completely at odds with what Congress intended. And those decisions have led Americans to lose jobs and American businesses to go bankrupt.

Broken promises by China and the administration have led us to a dangerous place in our trade relationship. It is no wonder that Americans do not trust China on trade, when it does not keep key commitments.

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It is no wonder that Americans do not trust the administration on trade policy, when the administration refuses to use U.S. law to defend Americans.

We need to get this relationship back on track. That is why I have worked so closely with Senator Grassley, Senator Hatch, and other Members of this committee on responsible, WTO-consistent legislation. That legislation will make our trade policy work better. That legislation will address concerns that Americans have on currency and trade enforcement.

Let us work to see that China keeps its promises. Let us ensure that the administration keeps its promises. And let us thus ensure that international trade can live up to the promise that it holds for better lives for all Americans.

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