



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

<http://finance.senate.gov>

For Immediate Release
Friday, September 15, 2006

Contact: Carol Guthrie
(202) 224-4515

BAUCUS BACKS AUTO PARTS CASE FILED AGAINST CHINA TODAY

Senator stresses importance of USTR enforcement of all international trade agreements

Washington, D.C. - U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, today expressed full support for U.S. Trade Representative Susan Schwab's decision to challenge before a World Trade Organization panel China's discriminatory rules affecting auto parts. In 2005, China issued regulations that induce foreign firms to use locally produced parts in the manufacture of vehicles in China. Specifically, the rules assess higher tariffs on imported parts whose components are imported, instead of manufactured locally.

"I have told Chinese officials that this is flat-out discrimination," said Baucus. **"China's rules favor locally manufactured auto parts and discriminate against American parts. That's a violation of bedrock WTO rules, and Ambassador Schwab is right to fight it."**

The United States – together with Canada and the European Union – have decided to take this dispute to the next step, and have requested the establishment of a World Trade Organization panel to hear the case. These parties originally filed this case in late March, when they requested WTO consultations with China. Since that time, China has not taken action to repeal these discriminatory measures.

Senator Baucus introduced legislation this year to beef up the enforcement capabilities of the U.S. Trade Representative. In February, he introduced the "Trade Competitiveness Act of 2006" with Senators Orrin Hatch (R-Utah) and Debbie Stabenow (D-Mich.). In March, he introduced the "Trade Enhancement Act of 2006" with Senator Chuck Grassley (R-Iowa). Both bills would require the U.S. Trade Representative to focus more intensely on trade enforcement and would enhance congressional input into this process.

"If trade agreements are going to work for U.S. farmers, ranchers, and manufacturers, we have to enforce them," said Baucus. **"I am encouraged by the filing of this case and urge the U.S. Trade Representative to do more to vigorously enforce our trade agreements."**

###