



## Commission Releases Recommendations from Ohio Field Investigation

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**The U.S.-China Economic and Security Review Commission** has published the official hearing record for its September 23, 2004 field investigation in Akron, Ohio on “*The Impact of U.S.-China Trade and Investment on Key Manufacturing Sectors.*” The hearing record is available on the Commission’s website ([www.uscc.gov](http://www.uscc.gov)) and in hard copy from the Commission.

The Ohio field investigation revealed the extent of the difficulties faced by America’s manufacturers, workers and communities as a result of manufacturing competition from China. Panelists representing Ohio’s manufacturing industries – including autos, steel, machining, and ceramics – provided vivid descriptions of the challenges they face from Chinese competition. *Chairman C. Richard D’Amato, in summing up the testimony of a variety of business and labor panelists at the hearing, stated “I am drawing two major conclusions from what you all have said: first, the Chinese are ripping the bedrock of our manufacturing base out from under us, and second your government in Washington is doing next to nothing to stop it.”*

Business and labor leaders expressed to the Commission their views regarding what they perceived as China’s unfair trade policies, including its artificially undervalued currency, export subsidies, dumping, and other WTO-inconsistent practices. These policies are having a devastating impact on manufacturing and employment in Ohio. In the Commission’s letter to Congress, included in the hearing record, the Commission offered a series of recommendations to reassess America’s trade policies with China and give increased support to domestic manufacturers.

Among these were recommendations that:

- “The U.S. government should immediately pursue a WTO action against China regarding the undervaluation of its currency. Months of bilateral discussions have failed thus far to yield positive results. We believe that the Treasury Department and the United States Trade Representative (USTR) should immediately file a WTO complaint, and if such action is not forthcoming, Congress should move to enact pending legislative measures to force such action.”
- “Many areas of China’s WTO accession agreement impose dramatically unequal tariffs on Chinese and U.S. goods. For example, U.S. auto exports to China face far higher tariffs than do exports to the United States from China (e.g., Chinese tariffs on autos range from 30-50 percent, while U.S. tariffs average around 2.5 percent). China has developed at a pace far faster than was envisaged at signing of the WTO accession agreement and these unequal tariff settings now heavily disadvantage U.S. exporters, risk import markets here and are no longer supportable. The U.S. government should expeditiously examine the potential for rectifying this situation as part of the Doha Round negotiations.”
- “China’s restrictions on the export of coke drive up costs for U.S. steel manufacturers while suppressing costs for their Chinese competitors. USTR should immediately consult with our trading partners with the goal of filing a WTO complaint regarding this violation of China’s WTO commitments on export restraints. “

- “The U.S. government should more fully and effectively make use of all available enforcement tools, especially the Section 421 China-specific safeguards negotiated as part of China’s WTO accession. Congress should consider undertaking measures to make the imposition of such safeguards mandatory in circumstances where import growth in particular goods exceeds a threshold level. In addition, the Department of Commerce should implement a procedure to make financial assistance available to small businesses to pursue safeguard cases where prima facie evidence exists of injury or a sufficient surge in imports to merit immediate attention. Safeguard cases can be highly costly and out of financial reach for many impacted businesses.”
- “The Congress should fund information sessions and a public awareness campaign to inform laid off workers about existing and newly established programs such as Trade Adjustment Assistance (TAA). Petitions for TAA eligibility should be processed expeditiously. Further, many workers adversely affected by trade are still excluded from TAA. Eligibility for TAA should be expanded in a comprehensive manner to cover the broad array of workers adversely affected by trade with China, including those in the service sector and others who have not traditionally been covered.”
- “Congress should reexamine the statutory advisory process by which USTR receives input on pending trade negotiations from interested stakeholders to ensure that adequate attention and input is afforded to the representatives of organized labor.”

For the full set of recommendations and Commission commentary on the hearing, as well as information about the Commission’s research and work activities, go to the Commission’s website [www.uscc.gov](http://www.uscc.gov).

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