

Is China Playing By the Rules? Free Trade, Fair Trade, and WTO Compliance  
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Statement for the Record  
**Congresswoman Marcy Kaptur**

Mr. Chairman, I am pleased that the Commission is meeting today to discuss our trade relations with China. As an original member of this Commission, I believe it is vital that we look at the record trade deficits we have with our number one trading partner.

First, as I examine the list of panelists, I must express some concern about its makeup. There is plenty of representation for the Administration, Big Business, and academia. Unfortunately, one of the most essential voices has been silenced – that of the workers. There is no representation of the workingmen and women from the United States or China. We hardly can understand the full spectrum of issues related to trade relations without hearing from the people on the factory floor or those who work in the fields. To ignore this is inexcusable.

The Commission should ensure that we always start with the facts. One of the most noteworthy details is our escalating trade deficit with China. Mr. Chairman, I ask that the following be inserted into the record:

China Trade Deficit

1999 (Before PNTR) -\$68 Billion  
2000 (PNTR passed in May) -\$83 Billion  
2001 -\$83 Billion  
2002 -\$103 Billion  
2003 (Through May) -\$65 Billion

When I began my career in Congress, the discussion was much the same – only we were speaking about Japan. Record trade deficits, questions about currency valuation and market access were the hot topics. Twenty-one years later little has changed. Several administrations and legislative proposals later, little has changed because Japan is not a free market. It is a managed market. We have tried to open the Japanese market. In 1983, less than 3 percent of Japan's market consisted of automobiles or auto parts from international sources. In 2003, it is the same. It does not matter if it is 150 yen to the dollar or 98.

What makes us think that China is any different? It too is a managed market. The only way we will be able to measure success is through the trade deficit. Are we buying more or selling more?

Over the last decade, the U.S. has lost millions of manufacturing jobs. Fifty cents of every U.S. farm dollar comes from federal subsidies. Something is fundamentally wrong with the trade accounts and it is evident at the highest policy levels. The U.S. is essentially cashing out its wealth.

One such wealth is the job of the working American. I call on the various departments who are supposed to be overseeing our trade policy – United States Office of the Trade Representative, Department of Commerce, and the Department of Labor – to invest some of their resources in workers here and in China. Let us as a Commission, as Members of Congress, travel to China to see what is really going on.

In my area of the country, Huffy Bicycle had 2,000 people employed in Ohio manufacturing the best bicycles in America. All of those workers have now lost their jobs. They were earning a living wage. They had health benefits. They produced a fine product.

Those Huffy bicycles are now made in China. This Commission should visit that factory. The Administration should travel with us to see the working conditions. Instead of a living wage they earn starvation wages. I cannot imagine the type of "health plan" with which the Chinese workers were presented.

The ex-pat companies are trading on the exploitation of workers. They are trading on environmental conditions where they are leaving cesspools around the earth. Until we challenge that, the U.S. will never balance these trade accounts. It is well-known that these imbalances are not sustainable. We need to be realistic and, in turn, create a realistic trade plan.

In encourage the USTR, the Departments of Commerce and Labor to set a target of reducing our trade deficit. I am not going to suggest that we turn a deficit into a surplus overnight. However, we must stem this tide of record trade deficits. Simply working towards a lower level this year than last would be a step in the right direction. This is not an unattainable task. It is one upon which our economic future depends and the least the Administration could do for working families.