



**Statement of U.S. Senator Sherrod Brown,
Cochairman of the Congressional-Executive
Commission on China (CECC)**

**CECC Hearing on “Ten Years in the WTO: Has
China Kept Its Promises?”**

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As prepared for delivery.

Ten years ago this month, China officially joined the World Trade Organization. It was a day of monumental importance to this country, fundamentally changing our relationship with China. It also led to the creation of this Commission, to monitor human rights and rule of law development in China.

Today, we are here to talk about what the last ten years have meant. We’ve come here to understand whether we are better off, whether China has kept its promises, and where we are headed.

At the time it joined the WTO, China made many promises. Chinese leaders pledged to reduce trade barriers and open up markets. They promised to increase transparency, protect intellectual property rights, and reform their legal system.

China’s supporters, many of them here in Congress and in the Administration at the time, argued that WTO membership would bring human rights, freedom, and the rule of law to China.

Those of us on the other side of the spectrum, including my close friend Wei Jingsheng who is here with us today, raised serious doubts about China’s WTO membership. We did not prevail.

Yet, after ten years, it’s clear that China is not living up to its promises or the unrealistic expectations of its supporters. Far from becoming freer, the Chinese people are burdened with limited or no rights to basic freedoms of speech, religion, and assembly.

And it’s getting worse. From the harsh crackdown on human rights lawyers and activists after the “Arab Spring,” to the brutal policies in Tibet that have led to a recent wave of self-immolations, China’s Communist Party shows no signs of easing its tight grip on the Chinese people.

There’s no better example of this than Liu Xiaobo. At this time last year, Liu was being awarded the Nobel Peace Prize. But the dissident writer couldn’t travel to Oslo, Norway

to receive the award. He was stuck in a Chinese prison, another victim of a system that silences anyone who speaks out for human rights.

At last count, the Commission had documented some 1,500 cases of political prisoners in China. And those are just the ones we know about. These are innocent people like Liu, who are being punished for peacefully exercising their fundamental rights.

Not only did WTO not bring freedom and democracy to China, it didn't bring fair trade either. Instead, China has flouted WTO rules and gamed the system to its advantage.

While China has chosen to comply with some WTO rules, overall, the list of China's WTO violations is a long one.

Rampant intellectual property theft. Massive subsidies for China's exports. Hoarding of rare earths and other raw materials. China has also refused to commit to the WTO's Agreement on Government Procurement.

These violations not only show China's lack of respect for the rule of law. They cost us dearly, in lost American jobs and a stalled economic recovery. U.S. IP-intensive firms alone have lost almost \$50 billion to Intellectual Property Right violations, with those same firms reporting that better enforcement could lead to almost one million new U.S. jobs.

Some of the worst violations affect Ohio companies, forced to compete against a country that manipulates its currency and subsidizes its manufacturers.

Given our companies' well-founded fear of retaliation by Chinese regulators and companies if they speak up, we in government must give voice to their concerns.

The most damaging of China's unfair trade practices is currency manipulation. By deliberately holding down the value of its currency to boost exports, China has built the largest trading surplus in history to the detriment of the U.S. and other trading partners.

Currency manipulation provides an unfair subsidy to Chinese exports – of up to 40 percent by the estimate of some economists. It practices the most protectionist policy of any major country since World War II, according to economist C. Fred Bergsten of the Peterson Institute.

Additionally, American manufacturers seeking to sell their products to China—our nation's fastest growing export market— are hit with the same percentage in what amounts to an unfair tariff.

The advantages enjoyed by Chinese manufacturers cost American jobs, and not just jobs in steel, autos, and textiles but jobs in wind, solar, and clean energy sectors critical to our economic recovery.

There's no indication that it will get any better. In fact, China's state-owned sector is actually growing, further skewing the playing field in favor of China's heavily subsidized state-owned enterprises.

With no end in sight, we've got to do something. I applaud the United States Trade Representative's (USTR) more aggressive efforts to challenge China at the WTO on everything from Internet censorship to raw materials. I look forward to hearing from Assistant USTR Claire Reade on her office's plans going forward.

There's still much more we can do. That's why the Senate acted this fall to address currency manipulation. By a resounding vote of 63–35, we passed the Currency Exchange Rate Oversight Reform Act of 2011, legislation I authored with several colleagues. This represents the biggest bipartisan jobs effort Congress has seen this session. I encourage the House to bring the currency bill to a vote.

American workers and American manufacturers can compete with anyone. But they'll never be able to compete on a level playing field as long as we continue to let China do what it wants, without any repercussions.

Over the last 10 years, China has sought to sidestep and reshape the WTO to benefit China, at our expense. That's not competing—that's cheating. We must act now, while we still have a chance.

Thank you.