

AMTAC

American Manufacturing Trade Action Coalition

910 16th ST NW STE 760
Washington, DC 20006

www.amtacdc.org
amtac@amtacdc.org

Telephone (202) 452-0866
Facsimile (202) 452-0739

PRESS STATEMENT

USTR Files WTO Case against Illegal Chinese Export Subsidies

December 19, 2008

Contact: Lloyd Wood, Dir. of Membership and Media Outreach
(202) 452-0866 or lwood@amtacdc.org

WASHINGTON, DC – The U.S. government announced today that it had filed a dispute settlement case in the World Trade Organization (WTO) against various illegal subsidies that the People's Republic of China provides to its industrial sector.

American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo said, "Eliminating China's illegal export subsidies are of paramount importance to U.S. manufacturers."

"On behalf of our members, AMTAC would like to thank the Office of the U.S. Trade Representative (USTR) and Ambassador Susan C. Schwab for filing this case. AMTAC looks forward to working with the present Administration and the incoming Obama Administration and Congress to eliminate China's WTO-illegal export subsidies," Tantillo added.

"The WTO case announced by U.S. Trade Representative Ambassador Susan C. Schwab against China's illegal activity had to be done. The only way for China to live up to its WTO commitments is to stop these illegal subsidy programs, which are destroying thousands of critical middle class jobs each year," continued Tantillo.

The genesis of this case was an investigation that AMTAC and other industry trade associations recently conducted on illegal Chinese subsidies as they specifically relate to the textile and apparel sector. In addition, 73 members of the U.S. House of Representatives sent a letter to President Bush on September 26 of this year calling for a specific program to monitor China's textile and apparel exports to the U.S. for illegal activity.

"We are pleased that the U.S. Trade Representatives has responded to our efforts to uncover what we believe to be a systematic program of egregious cheating on the part of China to gain unfair advantage in the global marketplace", Tantillo said. "In addition, we are pleased that this case will encompass a wide range of manufacturing sectors since virtually all components of the U.S. industrial base have been damaged by China's illegal activity" Tantillo added.

Working with the Commerce Department and U.S. industry, USTR stated that they have identified more than 70 separate subsidy programs applied by various levels of government in China.

According to the USTR press release, "The United States has discovered that China, as part of its industrial policy aimed at promoting the sale of Chinese products abroad and encouraging worldwide recognition of Chinese brand names, apparently provides numerous subsidies at multiple levels of government. The subsidies appear to include cash grant rewards for exporting, preferential loans for exporters, research and development funding to develop new products for export, and payments to lower the cost of export credit insurance. The designated Chinese brands represent a wide range of sectors, including household electronic appliances, textiles and apparel, a range of light manufacturing industries, agricultural and food products, metal and chemical products, medicines, and health products. These subsidies apply across the economy and therefore may unfairly alter the competitive landscape around the world for *any* industry competing with these Chinese products. The United States also has found other apparent export subsidies for Chinese products in particular sectors of the Chinese economy, available whether or not the products are famous brands. These sectors include textiles, agricultural products and products with high-technology content."

Today's announcement requesting dispute settlement consultations with the Chinese is the first step in a WTO dispute. Under WTO rules, parties that do not resolve a matter through consultations within 60 days may request the establishment of a WTO dispute settlement panel.

Quick Facts on Imports and Jobs

- For year-to-date October 2008, the United States has run a \$223.4 billion trade deficit with China in goods. Compared to the same period in 2007, the U.S. goods trade deficit with China has increased by \$9.9 billion, or 4.6 percent.
- China is by far the largest contributor to the overall U.S. trade deficit in goods, accounting for 31.8 percent of our \$702.3 billion deficit so far this year.
- In 2007, the United States ran a \$256.2 billion goods deficit with China or 32.2 percent of our total \$794.5 billion goods trade deficit.
- The United States has lost 3.9 million manufacturing jobs since 2000.

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