



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Monday, April 10, 2006

Grassley Urges Follow-through in U.S.-China Trade Relations

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, with jurisdiction over international trade, today urged the senior Chinese official who will take part in this week’s meeting of the U.S.-China Joint Commission on Commerce and Trade (JCCT) to support concrete action following the meeting in order to address a number of outstanding bilateral trade concerns.

On a parallel track, Grassley and Sen. Max Baucus, ranking member, last month introduced bipartisan legislation that would give the United States more trade enforcement tools to encourage U.S. trading partners to adhere to their trade obligations. The *United States Trade Enhancement Act of 2006* has 12 bipartisan co-sponsors.

The text of Grassley’s letter to Vice Premier Wu Yi follows.

April 10, 2006

Her Excellency Wu Yi
Vice Premier
State Council, Central Government of the People’s Republic of China
Beijing, P.R.C.

Dear Madam Wu Yi:

I regret that I’m unable to meet with you during your visit this week to Washington, DC. This year’s meeting of the U.S.-China Joint Commission on Commerce and Trade (JCCT) is being held during a week in which Congress is in recess. When Congress is not in session, I spend most of my time meeting with constituents in my home state of Iowa. I understand that you will travel to a number of states during your stay. I hope that you can visit Iowa the next time you come to the United States.

It’s been two years since I wrote you following the 2004 meeting of the JCCT. At that time, I raised a number of issues in our bilateral trade relations. Today I’m pleased to note that after much hard work, some of those issues appear to be resolved. Yet others remain, and I’m very concerned that if we do not soon address them adequately, the growing imbalance in our trade relations will become neither politically nor economically sustainable.

The frustration that I and many of my colleagues in the Senate feel is that China is not satisfying its obligations as a member of the World Trade Organization (WTO) and as a major beneficiary of open international trade. Infringement of intellectual property rights in China has been a major concern for some time, yet there are few signs of improvement. Similarly, China continues to ban imports of U.S. beef without any scientific basis. In joining the WTO, China committed to initiate negotiations for membership in the Government Procurement Agreement as soon as possible, yet there is no indication that such membership is imminent. Separately, government intervention in the Chinese market, including by means of opaque regulatory processes and industrial policies, also serves to impede trade. The clearest example of government intervention continues to be with respect to currency exchange rates. Last July, China announced that its exchange rate would become adjustable, based on market supply and demand, but that's not happening yet. That type of mixed signal only deepens the frustration.

I hope that your meetings in Washington serve to jumpstart meaningful progress in addressing each of these issues. If it is to remain relevant, the annual JCCT meeting must be followed by constructive engagement and concrete action. With your support, I hope that can be achieved.

Sincerely,

Charles E. Grassley
Chairman