



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

To: Reporters and Editors  
Re: U.S. case against China on semiconductors  
Da: Thursday, March 18, 2004

Today the Office of the United States Trade Representative announced that the United States has filed a case at the World Trade Organization (WTO) challenging China's discriminatory tax rebate policy for integrated circuits. Sen. Chuck Grassley, chairman of the Finance Committee, offered the following comments on today's announcement.

"I fully support the Administration's decision to get tough with China. Last week I chaired a hearing of the Finance Committee on the Administration's trade agenda. Ambassador Zoellick testified that we might need to bring a case against China. It's apparent that discussions with the Chinese over their blatant discriminatory tax policy have gone nowhere. So, we're forced to take the next step. I commend Ambassador Zoellick for his stand to assert our rights in the WTO.

"Now, there's no question the United States has already benefited from China's membership in the WTO. But we can do better. It's been over two years since China joined the WTO. The honeymoon's over. The time for excuses is over. The message here is simple. China has to comply with its international trade obligations. This discriminatory tax is only one of a host of issues we have with the Chinese. They need to do a better job of enforcing intellectual property rights. They need to ensure that sanitary and phytosanitary measures are not used as disguised barriers to trade. And they need to avoid using technical commercial standards to exclude foreign participation in their economy. By that I'm referring to China's wireless encryption standard that's due to take effect in June.

"As a member of the WTO, China is obliged to uphold the rules of international trade law. There's nothing ambiguous about that. I'll continue to monitor China's compliance efforts closely. And I'll work with the administration to ensure that our rights are fully respected."