

Statement of Rep. Walter B. Jones (NC-3)
Hearing before the U.S.-China Economic and Security Review Commission
May 24, 2007

Madame Chairman and Commissioners – Thank you for holding this important hearing today. Let me begin by saying that I strongly support fair trade on a level playing field. The problem is the playing field with communist China is anything but level. China engages in a multitude of predatory trade practices including rebating value-added taxes on exports, manipulating its currency, handing out loans at below-market-value rates, and rampant theft of intellectual property. China also ignores its own labor laws and sullies its environment for economic gain. Sadly, America’s elected political leadership has spent the past 10 years opening our borders and putting U.S. businesses and their employees in direct competition with a nation that embraces these egregious practices.

The results are painfully clear:

- Our trade deficit with China over the past decade is nearly \$1.2 trillion, including \$232 billion in 2006 alone;
- Trade losses with China accounted for 47 percent of the \$528 billion U.S. trade deficit in manufactured goods in 2006;
- Lost production reflected in these massive deficits contributed significantly to the loss of 3.2 million U.S. manufacturing jobs since 2000; and,
- China’s trade surplus with America has given it the hard currency to triple its military spending since 1994.

The Clinton and Bush administrations have repeatedly urged Congress and the American people to have patience as they engage in seemingly endless dialogue with the Chinese about changing their trade practices. But after years of talk, China’s currency is still grossly undervalued, piracy is still rampant, and massive state subsidization of Chinese enterprise is still the norm. By now it should be clear to everyone that the Chinese have no intention of changing the policies that have brought them unprecedented economic growth, and the fact that China’s growth has come at the expense of America’s working families is of little concern to their communist leaders.

These problems cannot be solved by dialogue alone. The U.S. Congress and the President must combat these practices with legislation to limit China's access to the U.S. market unless China starts playing by the rules. Only then will China address the problems plaguing our trading relationship.

This Commission also has a valuable role to play. By shining a light on China’s trade practices, your work helps the Congress and the American people understand what is at stake in this debate. I thank you for what you do and urge you to keep up the good work.