

Steel Caucus Calls on Obama to Get Tough with China

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Washington, DC: Representative Tim Murphy (R-PA), Chairman of the Congressional Steel Caucus, and Vice Chairman Pete Visclosky (D-IN) called on President Obama today to demand an end to China's illegal trade practices during tomorrow's discussions with Chinese President Hu Jintao.

In a letter signed by more than thirty members of the Steel Caucus, Reps. Murphy and Visclosky described a litany of China's abuses, including illegal dumping of steel plate and pipe and persistent manipulation of its currency. By deliberately devaluing the Renminbi, Beijing gives its exporters a government subsidy that is estimated to discount prices by nearly forty percent. Chinese government officials have repeatedly flip-flopped on pledges to allow the Renminbi to appreciate in value and end the country's notorious illegal trade practices.

"We need to hold accountable those countries that repeatedly flaunt their obligations under international trade mandates," said Chairman Tim Murphy (R-PA). *"I urge the President to stay true to his promises to stand up on behalf of American manufacturing against Beijing's persistent currency devaluation and dumping of inferior steel onto our shores,"* said Rep. Murphy.

Said Rep. Visclosky, *"I find it inexcusable that our government allows China to perpetuate illegal trade practices that cost American jobs. It is critical that President Obama uses tomorrow's meeting to tell President Hu Jintao that the United States is ready to take decisive action if we continue to face illegal activity from his government."*

China's currency manipulation is estimated to cost American manufacturing more than one million jobs. The letter notes that the House overwhelmingly passed bipartisan legislation, the Currency Reform for Fair Trade Act (HR 2378), which was introduced by Reps. Murphy and Tim Ryan (D-OH), last September. That bill would have allowed the United States to address China's currency manipulation by levying tariffs to offset the specific effects of an undervalued currency. Despite the vote and public support for getting tough with China on currency, the Senate failed to move the bipartisan bill.

The letter also expresses concern over China's troubling attempt to acquire a steel plant in Mississippi. The Caucus, citing troubling national security concerns, has called on the Administration to investigate any attempt by China to buy American steel manufacturers.

The text of the letter follows.

January 18, 2011

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

When you meet with Chinese President Hu Jintao, we urge you to make clear on behalf of the American steel industry that China's illegal trade practices will no longer be tolerated. As members of the Congressional Steel Caucus, we ask that your discussions include China's continued violations of trade law — such as dumping of steel pipe and plate, renewable energy product subsidies, and currency manipulation — because they are decimating the ability of the American steel industry to compete on a level playing field.

It is estimated that China is artificially devaluing its currency by as much as 40 percent, giving its own exports a government subsidy and in effect taxing American-made imports. This policy costs the U.S. upwards of 2.5 million manufacturing jobs and a staggering trade deficit of as much as \$283 billion. Last June, China announced they would allow their currency to appreciate, but since then, they have restricted the Yuan's growth to a paltry and unacceptable 3.1 percent. The time has come to insist on immediate action, and not more empty promises.

Drawing on the support of American manufacturing, Congress expressed its own intent to force China to allow the Yuan to reflect an exchange rate set by the open market. On September 23, 2010, the House approved the Currency Reform for Fair Trade Act (HR 2378) by an overwhelming, bipartisan vote of 348 to 79. This vote is a powerful marker for where Congress and the American public believe the trading relationship with China currently stands.

We also hope you will emphasize other areas where China has violated international trade law. China's government has repeatedly unfairly and illegally dumped and subsidized steel plate, pipe, and other products, causing U.S. steel producers, workers, and other industries to petition the International Trade Commission for relief. China's state-owned Anshan Iron and Steel Group made a troubling investment in U.S. steel plants that we continue to believe will give China a beachhead to exploit the American steel market, lead to a loss of American jobs, and jeopardize our national security.

China must know once and for all that American patience for its unfair and illegal trade practices, and its exploitative and anticompetitive policies, has run out. Beijing's intransigence is placing our trading relationship on ever-perilous ground.

Steel made in America supports 1.2 million jobs, adds \$350 billion to our national

economy, and has built America and the world. These are jobs that make steel, supply the resources to make steel, and make things out of steel — from the smallest medical device to skyscrapers to satellites. But these jobs and the families who depend on them are all at risk unless we stand up for steel. We hope you will do so without qualification when you meet with President Hu.

Sincerely,

Tim Murphy (R-PA), Chairman, Congressional Steel Caucus
Peter Visclosky (D-IN), Vice Chairman, Congressional Steel Caucus
Jason Altmire (D-PA)
Joe Baca (D-CA)
Tammy Baldwin (D-WI)
Jo Bonner (R-AL)
Shelley Moore Capito (R-WV)
Rick Crawford (R-AR)
Mark Critz (D-PA)
Joe Donnelly (D-IN)
Mike Doyle (D-PA)
Tim Holden (D-PA)
Walter Jones (R-NC)
Marcy Kaptur (D-OH)
Dale Kildee (D-MI)
Larry Kissell (D-NC)
Steven LaTourette (R-OH)
Daniel Lipinski (D-IL)
David Loebsack (D-IA)
Thaddeus McCotter, (R-MI)
David McKinley (R-WV)
Sue Myrick (R-NC)
Gary Peters (D-MI)
Nick Rahall (D-WV)
Jim Renacci (R-OH)
Mike Ross (D-AR)
Dutch Ruppersberger (D-MD)
Tim Ryan (D-OH)
Bill Shuster (R-PA)
Betty Sutton (D-OH)
Michael Turner (R-OH)

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