

Submitted for the Record
Opening Statement of Senator Chuck Grassley
Hearing on “The U.S.-China Trade Relationship: Finding
A New Path Forward”

with
Secretary of Commerce Gary Locke & USTR Ambassador Ron Kirk, testifying
June 23, 2010

The Finance Committee is fortunate to have two members of President Obama’s cabinet here today with responsibility for advising the President on the development and implementation of our international trade and economic agenda.

Regrettably, after 17 months in office, I find that agenda to be adrift. For example, the President has called for a doubling of our nation’s exports over the next 5 years, but I’ve yet to see a credible plan from this Administration for achieving that goal.

Similarly, the President has asserted that he wants to strengthen our economic relations with Colombia, Panama, and South Korea, but I’ve yet to see any sign that the Administration is making a serious effort to implement our stalled trade agreements with each of these important allies.

I’m not the only one who feels this way. For example, just yesterday, the Washington Post said the Administration has subjected Colombia to “arms-length disdain and protectionist stonewalling” and that congressional Democrats have treated Colombia “more as an enemy than friend.”

The President’s refusal to act on our pending trade agreements is inexplicable as a matter of either good trade policy or appropriate foreign policy.

Today’s hearing is about our bilateral economic relations with China, and I am concerned about the Administration’s approach to this issue, too.

I emphatically disagreed with the Treasury Department’s decision in April to delay issuance of its biannual report on currency exchange rates.

Two weeks ago, in a hearing before this Committee, I urged Secretary Geithner to admit publicly what everyone else already knows—namely, that China is manipulating the value of its currency in order to gain an unfair advantage in international trade.

China’s most recent move to reinstate a slow, crawling exchange rate peg doesn’t solve that problem.

I’ve previously called upon the President to prepare a case against China’s currency manipulation under Article XV of the General Agreement on Tariffs and Trade at the World Trade Organization.

I reiterate that call today, and I look forward to hearing from Ambassador Kirk and Secretary Locke on this issue.

Moreover, our trade tensions with China extend well beyond currency manipulation. I have serious concerns about the direction that China's government is taking in advancing mercantilist economic and trade policies.

We need a comprehensive strategic vision for engaging China and asserting our own policy interests in the Asia-Pacific region.

I support the Administration's involvement in the negotiation of a Trans-Pacific Partnership trade agreement, but we can't put all of our eggs into a single basket. Those negotiations don't substitute for a comprehensive strategic vision.

I also welcome the United States hosting the 2011 Asia-Pacific Economic Cooperation ministerial meeting, but I've yet to hear what the Administration intends to accomplish in hosting that meeting, let alone how it fits into a comprehensive strategic vision.

Perhaps yesterday's release of the Administration's Joint Strategic Plan on Intellectual Property Enforcement is evidence that a comprehensive strategic vision is being developed.

Given the magnitude of China's failure to effectively protect intellectual property rights, this is a significant issue in our bilateral relations.

I look forward to reviewing the details of the Administration's Joint Strategic Plan.

It may not be readily evident, but protecting intellectual property rights is just as much a jobs issue as the elimination of tariff and non-tariff barriers to trade, in terms of sustaining good-paying jobs here in the United States.

I'm hoping for more evidence from Secretary Locke and Ambassador Kirk that the Administration has a cohesive plan and common vision for engaging China because thus far, I fear we've been lurching from agenda to agenda in our bilateral meetings with the Chinese, without any long-term vision to lead our engagement.