COMMITTEE ON FINANCE
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BAUCUS CALLS ON CHINA TO END RESTRAINTS ON RAW MATERIAL EXPORTS

Finance Chair Seeks a Level Playing Field for U.S. Businesses

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) applauded a World Trade Organization (WTO) panel's finding announced today that China's restraints on certain raw material exports violate WTO rules. These restraints unfairly raise costs for U.S. businesses in the steel, aluminum and chemical industries. The report follows consultations requested by the United States in 2009 challenging China's use of export quotas, price controls and other restrictions on various ores like magnesium and zinc that are critical in the production of consumer goods and industrial products. Baucus called on China to end those restraints and allow equal access to its raw material market.

"This market manipulation costs American jobs and economic growth, and it is time for China to drop these restraints immediately," Baucus said. **"These WTO findings are crystal clear -- China is manipulating the raw materials market at the expense of American businesses. As a WTO member, China has a responsibility to play by the rules and respect the rights of its international partners."**

The WTO panel's ruling determined that China's use of export quotas, export duties, minimum export prices, export licensing and administration requirements are inconsistent with WTO rules. These types of constraints can effectively increase prices of raw materials around the world while artificially lowering them for domestic Chinese companies. These lower costs, according to the WTO, can pressure businesses to relocate to China. The United States was joined in its request for WTO consultations by the European Union and Mexico in 2009, and thirteen other nations later joined as third parties.

Baucus has long worked to resolve several critical issues facing America's economic relationship with China. He recently urged China to allow its currency to appreciate, protect and enforce U.S. intellectual property rights (IPR), eliminate discriminatory policies favoring its own domestic production or "indigenous" innovation and reduce barriers to U.S. agricultural exports like beef. An International Trade Commission report issued earlier this year found that China's IPR violations cost the U.S. economy 2.1 million jobs and nearly $50 billion in 2009 alone.

The Finance Committee has sole jurisdiction over international trade.

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