

Washington, DC -- U.S. Representative Michael A. Arcuri (D-Utica) testified before the House Ways and Means Subcommittee on Trade today in support of legislation to address China's unbalanced trade practices and currency manipulation, which negatively effect local manufacturing companies like Nucor Steel in Auburn, and Revere Cooper and Special Metals in Oneida County.

"Our domestic manufacturing sector faces a new threat – and that threat is China," said Arcuri, who testified before the Ways and Means Trade Subcommittee today.

"Without substantive action we face the possibility of losing thousands more fair-wage manufacturing jobs. For example, in my district alone, the 580 jobs at Revere Copper, the 350 jobs at Nucor Steel, the 360 jobs at Shape Metal Alloys and the hundreds of jobs at Special Metals, to name only a handful -- are all in jeopardy if we do not address unfair Chinese trade practices. We must level the playing field for our domestic manufacturers and deliver the fairness in international trade that our citizens have a right to expect."

The Subcommittee on Trade held today's hearing to address legislation regarding trade with China, including bills to address trade-distorting currency practices, as well as legislation to modify U.S. trade remedy laws. The hearing also addressed the safety of food imports into the United States.

Trade flows between the U.S. and China are substantial, growing, and heavily imbalanced. U.S. exports to China in 2006 were \$55.2 billion, up from \$41.9 billion in 2005, and \$19.2 billion in 2001, the year China entered the World Trade Organization (WTO). The result is a large and growing U.S. goods trade deficit with China: \$232.6 billion in 2006 – the largest trade deficit in U.S. history.

On Tuesday, Arcuri testified before the U.S. International Trade Commission (ITC) on the importance of enforcing and strengthening U.S. trade laws to alleviate the adverse impact of foreign trade practices on domestic industries and workers on behalf of Nucor Steel, which employs 350 people in Auburn.

Arcuri's testimony from today is attached below.

**U.S. Representative Michael A. Arcuri (NY-24)
Statement before the House Ways and Means Committee Subcommittee on Trade
China Trade Issues
August 2, 2007**

Mr. Chairman and members of the committee, thank you for allowing me the opportunity to appear before you today.

While I may be a new member of Congress, it is overwhelmingly clear to me that this committee, under the leadership of Chairmen Rangel and Levin, is dedicated to addressing the many unfair Chinese trade practices, which are responsible for eroding our nation's manufacturing sector.

Since 2001, our country has lost over three million manufacturing jobs, including 200,000 in New York State alone, while the trade deficit has grown to \$759 billion. I refuse to accept that the loss of manufacturing jobs is "inevitable," as some have suggested. That is defeatist, and wholly the wrong approach for any of us to embrace.

A significant cause of this job hemorrhaging is due to many of the unfair trade practices utilized by China, including currency manipulation, foreign government subsidies, theft of intellectual property, and dumping of goods in our market at below-cost.

While my congressional district has fallen victim to significant manufacturing job loss over the last 30 years, a handful of companies have defied the odds and still remain. I am convinced that many of these companies have chosen to stay in Upstate New York, in large part, because of their loyalty to the community. But how long can we depend on loyalty? At the end of the day businesses are in the business of selling a product and making a profit.

Many will argue that previous trade agreements like NAFTA are the cause of our economic woes, and that may be true, but that ship has sailed – that time has passed. Our domestic manufacturing sector faces a new threat – and that threat is China. Without substantive action we face the possibility of losing thousands of more fair-wage manufacturing jobs. For example, in my district alone, the 580 jobs at Revere Copper, the 350 jobs at Nucor Steel, the 360 jobs at Shape Metal Alloys and the hundreds of jobs at Special Metals, to name only a handful -- are all

in jeopardy if we do not address unfair Chinese trade practices.

I believe our nation's trade laws are the last line of defense for U.S. companies and workers competing against unfair foreign trade practices. These laws are based on principles that the international community has long agreed on. If we do not enforce them vigorously, we will be sending the world a signal that the rules do not matter, and that they can violate them at will, without repercussions.

In light of increasing unfair trade from China and other foreign competitors –it's evident – now more than ever – that our laws must be updated and strengthened.

There are a number of thoughtful and important legislative proposals from both the House and the Senate which seek to address unfair trade practices.

Based on meetings and conversations I've had with businesses in my district – it's become overwhelming clear to me that we need to strengthen our trade laws to ensure predictably when industries have been injured and seek a remedy. Unfortunately, predictability has been non-existent under the current Administration.

This Administration has used its discretion in all four special safeguard cases to deny any relief, even when the U.S. International Trade Commission determined that surging Chinese imports had caused significant market disruptions. Furthermore, over the past 13 years, the Treasury Department has used its discretion 25 consecutive times to avoid citing a single country for currency manipulation, often taking cover behind "technical" excuses.

While I am realistic that there is no silver bullet solution to resolve these issues, one piece of legislation stands above the rest and ensures the predictability our domestic manufacturers deserve. The Currency Reform for Fair Trade Act, introduced by Mr. Ryan of Ohio and Mr. Hunter of California. As I'm sure each member of this committee knows, the Ryan-Hunter bill would remove political discretion by apply countervailing laws to non-market economies like China, make an undervalued currency a factor in determining countervailing duties, and require the Treasury Department to identify fundamentally misaligned currencies.

I agree that the Ryan-Hunter bill on its own will not solve the problem, but I would urge this committee, as it moves forward, to include Ryan-Hunter language in legislation that makes its way through the process.

In addition to strong trade remedy laws, our trade policy must underscore the tenet of reciprocity, which has been a fundamental principle in U.S. trade policy beginning with the Reciprocity Act of 1815 and formed the basis of our global trading system. Reciprocity is a very simple concept reminiscent of the golden rule – you eliminate barriers to our goods and services, and we'll eliminate barriers to yours. When countries do not honor this rule and seek to gain unfair advantage, the benefits of the trade system are undermined. As one of the most open economies in the world, we must insist that our openness is reciprocated by our trade partners.

Mr. Chairman and members of the committee, vigorous enforcement and strengthening of trade laws and agreements, coupled with reciprocal treatment by our foreign partners, is critical to building public support for expanding international trade.

Together, we can level the playing field for our domestic manufacturers; we can restore faith in the world trade system; we can defend the integrity of U.S. trade laws and agreements; and most importantly, we can deliver the fairness in international trade that our citizens have a right to expect.

The task before you is monumental, but under the leadership of Chairmen Rangel and Levin, I am confident you can address unfair trade practices in a way that maintains our international relationships while at the same time bolstering our nation's manufacturing sector.

I appreciate the opportunity to appear today and testify before this committee.

Thank you.

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