

108TH CONGRESS
2^D SESSION

H. CON. RES. 498

Urging the President to take immediate steps to establish a plan to adopt the recommendations of the United States-China Economic and Security Review Commission in its 2004 Report to the Congress in order to correct the current imbalance in the bilateral trade and economic relationship between the United States and the People's Republic of China.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 2004

Mr. RYAN of Ohio submitted the following concurrent resolution; which was referred to the Committee on Ways and Means

CONCURRENT RESOLUTION

Urging the President to take immediate steps to establish a plan to adopt the recommendations of the United States-China Economic and Security Review Commission in its 2004 Report to the Congress in order to correct the current imbalance in the bilateral trade and economic relationship between the United States and the People's Republic of China.

Whereas the bilateral trade and economic relationship between the United States and the People's Republic of China is heavily imbalanced and undermining the long-term economic health of the United States;

Whereas the 2004 Report to the Congress of the United States-China Economic and Security Review Commission

states that in 2003 the United States trade deficit in goods with China reached \$124,000,000,000, with Chinese imports to the United States outnumbering United States exports to China by more than five to one;

Whereas the Commission's 2004 Report makes several recommendations to correct this imbalance in the bilateral trade and economic relationship between the United States and China;

Whereas the Commission's 2004 Report also finds that the Government of China has not satisfactorily adhered to the commitments it made in order to accede to membership into the World Trade Organization (WTO) and has failed to carry out many of the significant market-opening reforms it promised;

Whereas the Commission's 2004 Report further states that "a key contributing factor to the [United States trade] deficit is the undervaluation of the Chinese yuan against the U.S. dollar" and that the Government of China continues to heavily subsidize its manufacturing sector through such means as tax incentives, preferential access to credit and capital from state-owned financial institutions, subsidized utilities, and other measures;

Whereas the large and rapidly expanding United States trade deficit in goods with China is contributing to the erosion of the United States manufacturing sector; and

Whereas this imbalance in the bilateral trade and economic relationship between the United States and China has negative implications for the national security of the United States: Now, therefore, be it

1 *Resolved by the House of Representatives (the Senate*
2 *concurring),*

1 **SECTION 1. ESTABLISHMENT OF PLAN TO IMPLEMENT**
2 **RECOMMENDATIONS OF THE UNITED**
3 **STATES-CHINA ECONOMIC AND SECURITY RE-**
4 **VIEW COMMISSION.**

5 (a) PLAN.—The President is strongly urged to take
6 immediate steps to establish a plan to implement the rec-
7 ommendations contained in the 2004 Report to the Con-
8 gress of the United States-China Economic and Security
9 Review Commission in order to correct the current imbal-
10 ance in the bilateral trade and economic relationship be-
11 tween the United States and the People’s Republic of
12 China.

13 (b) CONTENTS.—Such plan should contain the fol-
14 lowing:

15 (1) Actions to address China’s policy of under-
16 valuing its currency, to encourage China to provide
17 for a substantial upward revaluation of the Chinese
18 yuan against the United States dollar and to re-peg
19 the yuan to a trade-weighted basket of currencies,
20 and to concurrently encourage United States trading
21 partners with similar interests to join in these ef-
22 forts.

23 (2) Actions to make more use of the World
24 Trade Organization (WTO) dispute settlement
25 mechanism and applicable United States trade laws
26 to redress unfair Chinese trade practices, including

1 China's exchange rate manipulation, denial of trad-
2 ing and distribution rights, lack of intellectual prop-
3 erty rights protection, objectionable labor standards,
4 subsidies to export industries, forced technology
5 transfers used as a condition of doing business, and
6 using the United States Trade Representative to
7 consult with trading partners who have mutual in-
8 terests at the outset of each new trade dispute with
9 China.

10 (3) Actions by the United States Trade Rep-
11 resentative and other appropriate United States
12 Government officials to ensure that the World Trade
13 Organization's Transitional Review Mechanism proc-
14 ess is a meaningful multilateral review that meas-
15 ures China's compliance with its WTO commitments
16 and to work with the European Union, Japan, and
17 other major trading partners to produce a separate,
18 unified annual report that measures and reports on
19 China's progress toward compliance and coordinates
20 a plan of action to address China's shortcomings.

21 (4)(A) Actions to address the governance and
22 security concerns relating to China's outreach to the
23 global capital markets, including the need for the
24 United States Trade Representative and the Depart-
25 ment of Commerce to undertake immediately a com-

1 prehensive investigation of China’s system of govern-
2 ment subsidies for manufacturing, including tax in-
3 centives, preferential access to credit and capital
4 from state-owned financial institutions, subsidized
5 utilities, investment conditions requiring technology
6 transfers, discriminatory consumption credits that
7 shift demand toward Chinese goods, Chinese state-
8 owned banks’ practice of noncommercial-based policy
9 lending to state-owned and other enterprises, and
10 China’s dual pricing system for coal and other en-
11 ergy sources.

12 (B) A report to be submitted to Congress by
13 the Department of Commerce not later than 90 days
14 after the date of the adoption of this concurrent res-
15 olution that (i) will contain the results of the actions
16 described in subparagraph (A), (ii) will assess
17 whether any of China’s practices described in such
18 subparagraph may be actionable subsidies under the
19 World Trade Organization, and (iii) will describe
20 specific steps that the United States will take to ad-
21 dress these practices.

22 (5) Actions to address China’s coordinated na-
23 tional strategy for technology development and to es-
24 tablish and publish a coordinated, comprehensive na-
25 tional policy and strategy designed to meet China’s

1 challenge to the maintenance of United States sci-
2 entific and technological leadership and competitive-
3 ness.

4 (6) Any additional actions outlined by the
5 United States-China Economic and Security Review
6 Commission in its 2004 Report to the Congress that
7 affects the economic relationship between the United
8 States and China.

○